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*THE TRUTH ABOUT THE CHINESE
REPUBLIC*



THE AUTHOR

[Frontispiece]

The Truth About The Chinese Republic By *H. G. W. Woodhead, C.B.E.*

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WITH FRONTISPIECE

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PREFACE

IN the following pages an attempt is made to reveal the facts regarding the more important issues which have arisen between China and the Treaty Powers as a result of the recent disturbances in that country. It seems to be the fashion, nowadays, in some circles, to regard every claim made, or right exercised, by the foreign Powers in China as "imperialistic," or unreasonable. It does not seem to be generally understood that the so-called "unequal Treaties" constituted the only means, at the time at which they were imposed, of securing for foreign residents in China reasonable security for their persons, their property, and their trade. Whether the foreign Powers were justified in breaking down the barriers imposed by Chinese ignorance and arrogance is no longer an issue. It was settled nearly a century ago. And large and perfectly legitimate commercial interests, from which the Chinese have benefited to an even greater degree than the foreigner, have been developed in consequence. The practical question, it seems to me, is how far the rights and privileges under which China's foreign commerce has been developed from the forties of last century to the present day, can be modified without disastrous results to the Chinese and foreigners alike. Those

who are all for making concessions in response to the clamour of Chinese nationalists persist in ignoring a number of vital factors, chief of which is the absence of any effective administrative authority to whom these new rights of sovereignty could safely be entrusted. As a result of the ratification of the Washington Treaties by France, and of the recent disturbances in China, the Treaty Powers have hurriedly agreed to the assembling of the Tariff Conference, and the despatch of their jurists to investigate the extraterritorial problem. What is occurring at the moment of writing illustrates the difficulty of really assisting China by the fulfilment of the Washington Treaties. On the eve of the assembling of the Tariff Conference, the Chekiang Tuchun, a loyal and trusted subordinate of Marshal Wu Pei-fu, has suddenly occupied the Shanghai district, and driven the Fengtien troops across the Yangtze. Wu Pei-fu, who has been living in retirement at Yochow since the disasters that overtook him last winter, has reappeared to lead a coalition of the Yangtze Provinces against Chang Tso-lin, who controls Peking and several of the northern provinces. In the British papers one sees Wu Pei-fu and Sun Chuan-fang referred to as "nationalists," and Chang Tso-lin as the ally of "imperialism." Yet there is really nothing to choose between them, if one judges from their records. Wu Pei-fu was formerly an advocate of the reunification of China by force. It was the military

clique, of which he was the most active member, that was responsible for the shameless presidential election farce of 1923, when Li Yuan-hung was driven out of office, and by means of wholesale bribery of the legislators Tsao Kun was installed as President in his place. It was Wu Pei-fu's subordinates, acting presumably with his approval, who ruthlessly suppressed the strike on the Kinhan Railway a few years ago. There is nothing in his past performances to justify confidence in his political judgment. He has personal courage. He had, until his defeat last year, an enormous collection of armed men under his orders. But when he has had an opportunity of assisting in bringing about the salvation of his country he has invariably failed, and failed lamentably. Chang Tso-lin is of a more autocratic temperament, but the provinces over which he has ruled have enjoyed a measure of peace and security which no territory under the control of the "Chihli" party has shared. No real principles are at stake in the new conflict. The Manchurian warlord wants to hold, the "Chihli" militarists to recover control of the Central Government.

The author has been continuously engaged in journalism in China for the past twenty-three years, and was also mainly responsible for founding, and for some years past has been sole editor of, the *China Year Book*, which is to-day generally recognized as the standard work of reference upon China. He is an

Englishman, and his views therefore may be suspected of a pro-British bias. This being so, it is opportune that on the very day this preface is being written he should have received a copy of a statement on the recent crisis in China prepared by the Associated American Chambers of Commerce. This statement appears as an appendix to this volume, and it will be seen that responsible American opinion on the spot is not very dissimilar from the writer's own views.

This work was written with no feeling of hostility towards the Chinese, among whom the writer is proud to number many close friends. He believes that it is essential that the truth about the more important of China's international problems should be widely known, and that no real service would be done to China by ignoring stubborn and irrefutable facts when the question of treaty-revision is seriously taken up. The labour expended upon writing this volume during a brief furlough will be amply rewarded if it contributes to the discussion of China's problems on a basis of reality. It is easy enough for the arm-chair critic or the sentimentalist at home to urge the scraping of existing Treaties, and the relinquishment of the privileges certain foreigners at present enjoy. These people would probably take a very different view if they had lived for any length of time in China, and acquired a first-hand knowledge of the actual situation

in that country. And I cannot believe that they are doing any real service to China, or to their own countrymen, by creating the impression that the British and American publics have completely succumbed to Chinese nationalist and Bolshevik propaganda.

H. G. W. W.

October 23, 1925.

THE TRUTH ABOUT THE CHINESE REPUBLIC

CHAPTER I

THE LAST YEARS OF THE MANCHUS

THE year 1898 is the most convenient to select for the start of a brief survey of recent Chinese history. At that time the Emperor Kwang Hsu was ruler of China's millions, the Empress Dowager, Tzu Hsi, having handed over the reins of Government to him and gone into nominal retirement in 1889. By roundabout methods, however, she had retained in her own hands the power of appointing and dismissing the higher officials in the Government.

The war with Japan, resulting as it did in disaster and humiliation for China, aroused widespread discontent, which was augmented by Russia's occupation of the Liaotung Peninsula, and the grant of territorial leases to Germany, France, and Great Britain. Some of the ablest officials of the Empire recognized that reform upon a comprehensive scale must be attempted if China were to preserve her integrity and independence. The Emperor himself was of this opinion, influenced mainly by a young Cantonese reformer, Kang Yu-wei, who had been brought to his notice by the Imperial

Tutor, Weng Tung-ho. Kang Yu-wei, according to his own statements, was only once received in audience. But he made a great impression upon the Emperor, who between June 11 and September 16, 1898, issued some scores of Reform Decrees at his instigation. These decrees ordered the reorganization of the Central Government, and drastic reforms of China's financial, educational, military, and judicial administration, as well as the development of railway communications and mining enterprises.

The conservative elements, Chinese and Manchu, became seriously alarmed, and, although at first refraining from overt opposition to the Emperor, began to conspire to frustrate his efforts. As early as June 12 the Empress Dowager contrived to secure the appointment of Jung Lu, a Manchu, and a staunch adherent of hers, to the Viceroyalty of Chihli, thus securing control over the Army, and especially the modern-trained troops, in the vicinity of the capital.

Kang Yu-wei believed in a constitutional monarchy, and Dr. H. B. Morse, in his invaluable work, *The International Relations of the Chinese Empire*, expresses the opinion that if reform was to begin from the top, and not at the foundation, "no fault can be found with this list of reforms. Every one was sound, every one struck at some manifest evil; but the whole structure of reform by decree was a pyramid standing upon its apex."

The opposition of the reactionary elements rendered it essential that the Emperor should secure military support, and it is stated that he sought the assistance of Yuan Shih-kai, at that time Judicial Commissioner of Chihli, who had been appointed Director-General of Army Reorganization in 1895, and had in the interval supervised the enlistment and training of a number of modern military units in Chihli. The story goes that Yuan Shih-kai was entrusted by the Emperor with the task of assassinating Jung Lu and leading the modern Army to the capital for his protection. What actually occurred thereafter had never been definitely established. According to one version, Yuan Shih-kai betrayed the scheme to Jung Lu. Yuan's own story was that he never received the Emperor's orders to assassinate Jung Lu, but that on proceeding to Tientsin he was taxed by the Viceroy with coming there for that purpose. There can be little doubt that the presence of the Empress Dowager's henchman at Tientsin, in control of a large Army, was regarded as an obstacle to the fulfilment of his reform programme by the Emperor. What happened proved him to be right. The Empress Dowager, appealed to to save the country by the reactionaries, got into touch with Jung Lu, and effected a *coup*. The Emperor was suddenly seized and carried off to the Ocean Palace, where he spent the greater part of the rest of his life. The Empress Dowager resumed control over the Empire, and Yuan

Shih-kai received advancement, and became one of the most powerful officials in the country. The Emperor's resentment of what he regarded as his betrayal by one whom he had trusted was manifested after his death in 1908, when Yuan Shih-kai was stripped of all his offices by orders of the Regent (Kwang Hsu's brother), and, but for the representations of the Powers, would probably have been executed. As it was, he went in retirement in his native province until the events of 1911 compelled the Throne to seek his aid.

The triumph of the reactionaries culminated in the Boxer rising of 1900, necessitating foreign military intervention on a large scale, and resulting in the occupation of Peking by the Powers, and the dictation of a Peace Protocol which saddled China with an indemnity of £67,500,000. Yuan Shih-kai, who at this time was Governor of Shantung, was among the higher officials who refused to participate in the anti-foreign movement.

After the *coup* of 1898 the reformers were scattered or executed, but the sharp lesson taught to China in 1900 convinced the Empress Dowager herself that reform, or a semblance of reform, was necessary if the dynasty were to retain its position. While the Court was in exile at Sianfu, an edict appeared ordering the officials concerned to make close inquiry into the various systems of Government in force in European countries. In 1905 a Commission, headed by Duke Tsai Tse, was sent

abroad to study foreign constitutional systems. This Commission visited Japan and several Western countries, and in 1906 submitted a report embodying the results of its investigations. On September 1 of that year an edict was issued definitely pledging the Throne to the introduction of Constitutional Government. The Empress Dowager undertook that the official system should be reformed, the existing laws revised, universal education encouraged, the Army reorganized, and that the finances and sources of revenue of the Empire should be properly regulated.

The first step taken was the reorganization of the Boards, or Ministries, in Peking. Many of the changes made in the edict issued in November 1906 were changes only in name, but the edict is noteworthy for its mention, for the first time, of the intention of the Throne to organize a National Assembly (*Tze Cheng Yuan*).

Further reform edicts appeared in 1907 announcing that the National Assembly would serve as the foundation of a bicameral Parliament, ordering the establishment of Provincial Assemblies, and defining the functions of these and of the National Assembly. The powers it was proposed to entrust to these legislative organs were, however, very much restricted.

Up to 1908 only vague promises of Constitutional Government had been given. But in that year a progressive nine-years' programme of constitutional reform was actually promulgated.

THE NINE-YEARS' PROGRAMME OF CONSTITUTIONAL
PREPARATION

The main outlines of the nine-years' programme of preparation for Constitutional Government were as follows :

FIRST YEAR—1908-9

- (a) Organization of Provincial Assemblies.
- (b) Issue of Local Administrative Regulations.
- (c) Issue of census regulations.
- (d) Issue of regulations for financial reform.
- (e) Establishment of a bureau for the reform of the Manchu system, particularly as regards the treatment of Bannermen, and the fusion of Manchus and Chinese.
- (f) Preparation of elementary lesson-books for teaching reading.
- (g) Preparation of books for general reading.
- (h) Revision of the Penal Code.
- (i) Drafting of Civil, Commercial, and Criminal Laws.

SECOND YEAR—1909-10

- (a) Inauguration of Provincial Assemblies.
- (b) Issue of Regulations for the National Assembly.
- (c) Elections for same.
- (d) Organization of Local Administrative Councils.
- (e) Taking of census of the whole Empire.
- (f) Investigation of Provincial Budgets.
- (g) Reform of Metropolitan Official system.
- (h) Drafting of Civil Service Examination regulations, and of regulations for official salaries.
- (i) Issue of regulations for Judicial Courts.
- (j) Organization of Judicial Courts.
- (k) Drafting of new Criminal Laws.
- (l) Organization of elementary schools.
- (m) Inauguration of modern constabulary system.

THIRD YEAR—1910-11

- (a) Inauguration of the National Assembly.
- (b) Local administrative system to be extended to townships.
- (c) Report by Viceroys and Governors on census in the provinces.
- (d) Consideration of Provincial Budgets.

- (e) Drafting of local tax regulations.
- (f) Endeavour to carry out Provincial Budgets.
- (g) Reorganization of Provincial Official system.
- (h) Issue of regulations for Civil Service Examinations.
- (i) Establishment in all Capitals and Treaty Ports of Judicial Courts (Shenpanting).
- (j) Issue of new Criminal Laws.
- (k) Extension of Primary Education.
- (l) Organization of Police in *hsiens*.

FOURTH YEAR—1911-12

- (a) Organization of system for auditing Government accounts.
- (b) Investigation of the Budget for the Empire.
- (c) Issue of Government tax regulations.
- (d) Enforcement of Civil Service and Official Salaries regulations.
- (e) Establishment of Judicial Courts in Fu's.
- (f) Organization of elementary schools in all townships.
- (g) Organization of rural police.
- (h) Consideration of the revised Commercial, Civil, and Criminal Laws.
- (i) Extension of Local Government system to townships.
- (j) Investigation of the census.

FIFTH YEAR—1912-13

- (a) Local Government system to be carried out this year.
- (b) Issue of new Metropolitan and Provincial Official systems.
- (c) Judicial Courts in all cities, towns, and townships must be in working order this year.
- (d) Extension of elementary education.
- (e) Extension of police system.

SIXTH YEAR—1913-14

- (a) Endeavour to carry out Budget for the whole Empire.
- (b) Organization of Judicial Courts to deal with political matters.
- (c) Complete organization of all Judicial Courts in the provinces.
- (d) Inauguration of village Courts.
- (e) Enforcement of new Criminal Laws.
- (f) Issue of Civil and Commercial Laws.
- (g) Police forces shall be established this year in all towns and villages.

SEVENTH YEAR—1914-15

- (a) Strict adherence to the Imperial Budget.
- (b) One per cent. of the population should be able to read and write in this year.

EIGHTH YEAR—1915-16

- (a) Budget for Imperial Household.
- (b) Abolition of all distinction between Manchus and Chinese.
- (c) Organization of a Statistical Department.
- (d) Enforcement of new Civil and Commercial Laws.
- (e) Organization of police throughout the Empire to be completed.
- (f) Two per cent. of the population should be able to read and write in this period.

NINTH YEAR—1916-17

- (a) Issue of Constitutional Laws.
- (b) Issue of Imperial House Laws.
- (c) Issue of Parliamentary Laws.
- (d) Issue of regulations for the election of an Upper and a Lower House.
- (e) Elections for the Upper and Lower Houses.
- (f) Preparation of Budget for the following year for discussion in Parliament.
- (g) Organization of a Privy Council, and of Advisory Ministers.
- (h) Five per cent. of the population should be able to read and write in this period.

It will be noted that in this programme it was estimated that less than one per cent. of the population could read and write, and that had the reform programme been carried out in its entirety the percentage of literates would only have been five, in 1917.

The Emperor Kwang Hsu died on November 14, 1908, the day before his autocratic and imperious aunt, and was succeeded by his infant nephew, then three years of age, under the Regency of Prince Chun, the late Emperor's brother. Although Prince Chun

had been urged by his brother to have Yuan Shih-kai summarily executed, he did not dare to provoke an immediate breach with so powerful an official. Yuan Shih-kai was at first employed in making arrangements for the Imperial obsequies, and in December was granted the further honour of the title of "Senior Guardian of the Heir Apparent." But the Regent was only biding his time. The blow fell on January 2, 1909, when an edict appeared ordering Yuan to give up all his offices and return to his home in Honan, on the pretext that some affection of the foot prevented him from performing the proper ceremonies. He proceeded to Tientsin under the protection of certain of the foreign Legations, and only left for Honan when positive assurances regarding his personal safety had been received.

The programme of reform was continued, and even speeded up, in the new reign. The year 1909 saw the inauguration of the Provincial Assemblies. These gave an enormous impetus to the agitation for Constitutional Government. In December 1909 delegates from a number of the Provincial Assemblies met in Shanghai, and after a series of conferences proceeded to Peking to petition the Throne to grant Parliamentary Government within two years. They reached the capital in January 1910, and at once submitted their proposals to the Grand Council, demanding permission to present their petition to the Regent in person.

Their appeal was rejected in an edict dated January 20, which declined to accelerate the Constitutional programme, but promised that the National Assembly would be organized during the year.

This Assembly, composed half of nominees of the Throne and half of members of the Provincial Assemblies, met in Peking on October 3, 1910, being opened by the Regent in person. Prince Pu Lun, who at one time had been a candidate for the Throne, was appointed President of the Assembly. The latter from the outset showed that it had no intention of being subservient to the Throne. It immediately took up the burning question of the early convention of a National Parliament, and on October 22, amidst scenes of extraordinary enthusiasm, unanimously adopted a petition to the Emperor asking that Parliament be convened at an early date. The edict replying to this petition authorized the convening of Parliament in 1913 instead of 1917.

This did not satisfy the Assembly, which continued to press for the earlier introduction of Parliamentary Government. It also showed its independence by criticizing the Grand Council, and even demanding the attendance, in person, of the Grand Councillors, to explain their conduct in connexion with certain loan transactions. Further, it demanded that the Grand Council be made responsible to the nation, or, alternatively, that a Cabinet be appointed.

The first session of the National Assembly ended on January 11, 1911, after an extension of ten days had been granted by the Throne. The members dispersed quietly, having succeeded in securing a pledge that Parliament would be opened four years earlier than had originally been intended, and that the official constitution of a Cabinet would be drafted and submitted to the Throne.

The year 1911 was destined to be a fateful one for China. In spite of the fact that the Assembly had adjourned quietly, the clamour for an earlier grant of Constitutional Government continued, and the country remained in a state of ferment. On May 9 an edict appeared abolishing the three Higher Councils of State, and ordering the formation of a Cabinet, the regulations for which were duly promulgated. This concession to public opinion on the part of the Regent was, however, impaired by the composition of the new Cabinet.

The first Premier was Prince Ching, whose "palace in Peking," according to Dr. G. E. Morrison, *The Times* correspondent, "has been a place of pilgrimage of expectant officials for a generation past. 'His front door is a market-place,' is a common saying among the Chinese; every official who enters the precincts of his palace has to pay toll to the gate-keeper." Nor was his the only unpopular appointment. Public opinion was affronted by the selection

of a number of Manchu nobles and officials for Cabinet office. The Navy Board, Board of Interior, Board of Finance, Board of Agriculture, Board of Industries and Commerce, Board of War, Board of Justice, Board of Colonies, the General Staff, and the Advisory Council, were all presided over by Manchus, many of whom had most unsavoury reputations.

In spite of this flouting of public opinion, the Government put through some really important measures in the early part of the year. On April 15 a Currency Loan contract for ten million pounds was signed with an international group composed of American, British, German, and French financiers, the proceeds of which were to have been used for the reform of China's chaotic currency system, in accordance with a scheme acceptable to the participating banks. This loan has never been floated. On May 20 the Hukuang Railway Loan agreement was signed. The amount of the loan was to be six millions sterling, and the money was to be used for the construction of a railway from Hankow to Szechwan, and for the completion of the Canton-Hankow Railway.

The conclusion of this loan involved the nationalization of the trunk lines proceeding southward and westward from Hankow. Construction of small sections of the projected railways had begun—accompanied by appalling waste and corruption—in some of the provinces concerned, by local companies, which at

once voiced their opposition to this attempt at the centralization of railway control, although provision had been made for compensating legitimate vested interests. That the revolutionary spirit was in the air was shown by the assassination at Canton, on April 8, of the Tartar general, commandant of the Manchu garrison in that city. On the 27th of the same month an unsuccessful attack was made upon the Viceroy's Yamen. The nationalization of the trunk railways gave a further impetus of the revolutionary movement. Protests poured in from Hunan and Szechwan. What, in itself, was a wise measure on the part of the Central Government, without which there was little likelihood of these railways ever being completed, or, if completed, efficiently operated, was rendered unpopular, not only by the fact that the scheme would have deprived the local gentry and officials of considerable scope for "squeeze," but also because it was interpreted as an attempt on the part of the Dynasty to strengthen its hold upon the provinces. A further cause for resentment was the fact that the project was fathered by Sheng Hsuan-huai (better known as Sheng Kung-pao), who at that time was President of the Board of Communications. He had an unsavoury reputation with many of his countrymen. The advantages of the nationalization of China's trunk railways were therefore lost sight of, owing to the avarice of provincial officials and gentry,

the growing hostility towards the Manchus, and the personal unpopularity of the promoter of the scheme.

The Government curtly rejected all protests against the enforcement of the nationalization policy. The Szechwanese then attempted to thwart the scheme by a general strike. Arrest of the ringleaders was followed by open revolt, which spread throughout the province, and really ushered in what came to be known as the First Revolution. The official anniversary of the Revolution, however, is October 10, some six weeks later than the rebellion in Szechwan. This was the day on which the revolutionaries rose and seized Wuchang, in the very heart of China.

CHAPTER II

THE FIRST REVOLUTION

ON October 9, 1911, a bomb exploded in a Chinese house in the Russian Concession at Hankow. The premises were raided, and found to contain revolutionary flags, bombs, and documents, including, it is said, a list of disaffected officers and men in the local garrison. A number of arrests were made, and the revolutionaries, knowing the fate that awaited them unless they took prompt action, mutinied, and seized the gates of Wuchang, on the night of October 10. The Manchu Viceroy, Jui Cheng, and General Chang Piao, commander of the troops, escaped to a warship. Most of the garrison joined the mutineers, and thus the Revolution began.

Among the local revolutionists, however, no one was anxious to assume the actual leadership. In this emergency the rebels selected Colonel Li Yuan-hung as their chief. He had not been a member of the revolutionary party, but he accepted the leadership, and retained it until the actual control passed into the hands of the Revolutionary Committee at Shanghai.

Hanyang and Hankow were occupied by revolutionary troops on the eleventh and twelfth, the

possession of Hanyang Arsenal giving the mutineers access to large supplies of arms and munitions. A Revolutionary Government was then proclaimed, with Li Yuan-hung as President and Military Governor.

As soon as the news of the outbreak reached Peking, Jui Cheng and General Chang Piao were cashiered, but given an opportunity to redeem themselves by recapturing the lost cities. Admiral Sah was sent to the scene with a number of warships, and the Manchu Minister of War, General Yin Chang, was ordered to proceed to the Yangtze immediately and suppress the revolt. It happened that some thirty thousand of China's modern trained troops were concentrated at Yungpingfu, a few hours' journey by rail from Peking, for the autumn manœuvres, which had been planned on an unprecedented scale. These manœuvres were cancelled, and most of the troops were entrained as rapidly as possible for Hankow.

The Manchus soon realized that this was no minor outbreak, and became thoroughly alarmed. On October 14 an edict appeared appointing Yuan Shih-kai, who was still in retirement in Honan, Viceroy of the Hukuang Provinces, (Hupeh and Hunan), and *Generalissimo* of the combined military and naval forces. Tsen Chun-hsuan, who as Viceroy at Canton had ruled the Southern Provinces with an iron hand, was appointed Viceroy of Szechwan, with full powers

to suppress the revolt in that province. He showed no eagerness to accept this appointment, procrastinating until it was impossible for him to proceed up the Yangtze. Yuan Shih-kai's reply to the edict recalling him to power was a respectful petition in which he asserted that the affection of the foot (which had been made the pretext for his dismissal in 1909) had not yet been cured, and that, although he hesitated to apply for leave at such a moment, he felt unable to proceed to his new post. On October 18 a peremptory edict appeared, ordering him to cure himself without delay and proceed to Hankow. Further edicts gave him the power of life and death in the Hukuang Provinces, recalled General Yin Chang, the Manchu Commander-in-Chief, to Peking, and appointed Yuan Shih-kai's former subordinates, Feng Kuo-chang and Tuan Chi-jui, commanders of the First and Second Imperial Armies, under the new Viceroy.

It is impossible, here, to describe in detail the military operations which followed. It must suffice to say that the revolutionaries were poorly organized and incapable of offering serious resistance to the Imperial forces, which reoccupied and burnt Hankow at the end of October, and recaptured Hanyang, a much more difficult feat, on November 27, rendering Wuchang untenable, and compelling the rebels to sue for peace.

In the meantime the Revolution had spread to

other centres. Ichang, Changsha, and Kiukiang, one after the other, rose against the Manchus, and, more surprising still, Sianfu, a Manchu stronghold and the capital of Shensi Province, went over to the rebels. As a general rule these risings were accomplished with little or no bloodshed, but in Sianfu there was a wholesale massacre of the Manchu garrison and population, twenty to thirty thousand being said to have been slain. Shanghai declared for the Republicans (for a republic was now the avowed object of the revolt) on November 3. Soon, with the exception of the Imperial Armies at Hanyang and Hankow, and Nanking, where the redoubtable Chang Hsun, with five or six thousand men of the old Army, continued to resist, the whole of the Yangtze valley was in the hands of the Republicans. Chang Hsun resisted until December 2, when he surrendered Nanking on condition that the Imperial forces were allowed to retire, unmolested, across the river. Canton, after wavering for some time, revolted on November 9. There can be little doubt that really energetic action on the part of the well-equipped Imperial troops, at the outset, would have saved the dynasty. But Yuan Shih-kai had no reason to exert himself on behalf of the Throne, and, from the time of his recall, seems to have determined to play for his own hand. He did not exploit to the full any of his early successes, and accepted, on December 3, without demur, foreign proposals for an

armistice. The vital issue now was whether China was to be a monarchy or a republic. Yuan Shih-kai favoured a limited monarchy. So, too, did most impartial observers. The writer's own views at the time were expressed in an article published on November 25, 1911, which is reproduced below :

MONARCHY OR REPUBLIC ?

(Peking and Tientsin Times, November 25, 1911)

We notice from the summary of Dr. Morrison's interesting interview with Yuan Shih-kai, which was sent out by Reuter on Wednesday, that the new Premier expressed the opinion that it would be best for China to retain the present dynasty as a limited monarchy, and added that he believed that seven-tenths of the population were still conservative. We think it would be safe to go even further than that and to assert that seven-tenths of the rank and file of the revolutionaries have not the faintest notion of the essential differences between a monarchy and a republic, and that they have flocked to the Republican standard merely because of their hereditary dislike of the Manchu conquerors. With certain of the leaders the establishment of a republic is the principle article of their faith ; to the great majority of the masses the idea of a republic is acceptable merely because they understand that this system would mean the complete overthrow of the Manchus, and the impossibility of their ever returning to power. The many complexities involved in so radical a change of government as the conversion of China into a republic are not understood or appreciated. It is sufficient for most of the disaffected population to be told that a republic is a modern system of government, which has been successful abroad, in which the exercise of sovereign power is lodged with representatives elected by the people.

It cannot be questioned that foreign sympathizers with the aspirations of the revolutionaries for reform and progress view with considerable misgiving the prospect of an attempt to form a Chinese Republic. To begin with, in the whole history of the world the

experiment has never been attempted upon the scale involved in the proposal that an empire of about four hundred million inhabitants should so far break with the immemorial traditions of the past as to replace an absolute monarchy by a form of government which has not met with unvarying success in smaller and far more enlightened States. Laudable as the principles of republicanism are, it would be idle to assert that this form of government has, upon the whole, proved a success. Emerson quotes Ames as saying "that a monarchy is a merchantman, which sails well, but will sometimes strike a rock and go to the bottom : whilst a republic is a raft which would never sink, but then your feet are always in the water." To which Ruskin, with some asperity, adds that "though your raft cannot sink (being too worthless for that) it may go to pieces, I suppose, when the four winds (your only pilots) steer competitively from its four corners . . . and then more than your feet will be in the water." This may be an extreme view, but there is sufficient truth in it to warrant great caution in floating the raft on the untried seas of a Chinese democracy. The ideal of the Chinese Republicans is said to be the government of the United States. But it should be remembered that America is at least a hundred years ahead of China in all that the civilized world regards as modern. Moreover, the American republic is the growth of over a century of hard-bought experience, and, in spite of this, it can still be said with a great deal of truth that in no country is there more talk of the democracy and less effective control by it over the working of the Government.

Whatever form of administration the Chinese nation demands, certain essentials should be borne in mind before definitely adopting it. Perhaps the most important of these is stability. Chinese reformers may well ask themselves, as Mazzini asked himself, "Do we want to condemn ourselves to ceaseless eddying in the whirlpool where France and Europe have tossed for half a century? Do we want to be always making and unmaking, and be still in a provisional dispensation? Do we want strife, or peace and harmony? This is the whole question." Republicanism, with a few exceptions, is a notoriously unstable system of government. To take one example only (and that not among the kaleidoscopic republics of South America), in France, from 1871 onwards, there have been about fifty Ministries, most of which have hardly lasted longer than six months, and the longest of which did not

last quite three years. In an empire of the size of China, with such extremes of opinion as are to be found in the South and North, as well as the general lack of cohesion among the provinces, the instability of a republic is a danger which cannot be emphasized too strongly. A series of revolutions and counter-revolutions would probably follow its inauguration, impoverishing the country, destroying its credit, and leading to serious internal and external complication.

Space forbids an exhaustive excursion into the many pitfalls of Oriental republicanism, but one other factor which appears to have been overlooked by its advocates deserves mention. A republic is, in theory at least, the extreme practical form of democratic government. Liberty, equality, fraternity, are usually its actual or assumed principles. Liberty, it can hardly be denied, is as easily safeguarded under a limited monarchy. Equality is a mere pretence unless the masses have reached a stage of intellectual development where they can claim it. It is impossible to imagine equality or fraternity flourishing in a country with such sharp contrasts as China affords, where nearly half the population are little more than beasts of burden. Representative government in its fullest sense can never be put into practice in this empire until the masses have attained a standard of intelligence which will enable them to exercise some discrimination in the selection of their representatives. A republic under present conditions suggests a more oligarchic form of government than that which it would replace. The actual administration would soon pass to a handful of demagogues, who would probably pursue unpractical schemes unchecked until faced by a crisis which called for something more than mere talk and visions. If a Chinese Republic be founded we fear that it will not be long before the nation at large shows an unmistakable preference for the old regime.

On October 22 the second session of the National Assembly was opened in Peking. Three days later it carried a motion demanding the punishment of Sheng Hsuan-huai (Sheng Kung-pao). He was cashiered next day, and fled to Tsingtao. On the twenty-ninth General Chang Shao-tseng and the officers

of the 40th Brigade of the 20th Division, stationed at Lanchow, refused to entrain unless the Throne assented to three memorials which had been presented by the National Assembly : (1) That a Constitution should be framed only after consultation with the Assembly ; (2) The exclusion from the Cabinet of members of the Imperial family, and the immediate appointment of a capable and virtuous person to organize a responsible Cabinet ; (3) An immediate amnesty to all political offenders, including those who had been proscribed in 1898. These demands were conceded next day.

The new Constitution adopted by the National Assembly was promulgated on November 2. A summary of the draft of the Constitution reads as follows :

1. The Ta-ching dynasty shall reign for ever.
2. The person of the Emperor shall be inviolable.
3. The power of the Emperor shall be limited by a Constitution.
4. The order of the succession shall be prescribed in the Constitution.
5. The Constitution shall be drawn up and adopted by the Tze Cheng Yuan and promulgated by the Emperor.
6. The power of amending the Constitution belongs to Parliament.
7. The members of the Upper House shall be elected by the people from among those particularly eligible for the position.
8. Parliament shall elect, and the Emperor shall appoint, the Premier, who will recommend the other members of the Cabinet, these also being appointed by the Emperor. The Imperial Princes shall be ineligible as Premier, Cabinet Ministers, or administrative heads of provinces.
9. If the Premier, on being impeached by Parliament, does not dissolve Parliament, he must resign ; but one Cabinet shall not be allowed to dissolve Parliament more than once.

10. The Emperor shall assume direct control of the Army and Navy, but when that power is used with regard to internal affairs he must observe special conditions to be decided by Parliament; otherwise he is prohibited from exercising such power.

11. Imperial decrees cannot be made to replace the law except in the event of immediate necessity, in which case decrees in the nature of a law may be issued in accordance with special conditions, but only when they are in connexion with the execution of a law or what has by law been delegated.

12. International treaties shall not be concluded without the consent of Parliament, but the conclusion of peace or a declaration of war may be made by the Emperor; if Parliament is not sitting, the approval of Parliament to be obtained afterwards.

13. Ordinances in connexion with the Administration shall be settled by Acts of Parliament.

14. In case the Budget fails to receive the approval of Parliament the Government cannot act upon the previous year's Budget, nor may items of expenditure not provided for in the Budget be appended to it. Further, the Government shall not be allowed to adopt extraordinary measures outside the Budget.

15. Parliament shall fix the expenses of the Imperial Household and any increase or decrease therein.

16. Regulations in connexion with the Imperial Family must not conflict with the Constitution.

17. The two Houses shall establish the machinery of an administrative Court.

18. The Emperor shall promulgate the decisions of Parliament.

19. The Tze Cheng Yuan shall act upon Articles 8, 9, 10, 11, 12, 13, 14, 15, and 18 until the opening of Parliament.

On November 8 Yuan Shih-kai was elected Prime Minister by 78 out of 87 votes. He returned to Peking on the thirteenth, and received in addition the supreme command of all the Imperial forces, including the Imperial guard around Peking. The Prince Regent resigned on December 6, thus leaving Yuan Shih-kai

supreme. Immediately after his election the composition of the new Cabinet, which contained no Manchus, was announced. Several of the Prime Minister's nominees, however, declined to accept office.

Tang Shao-yi, who had been appointed Minister of Posts and Communications, was nominated as Yuan Shih-kai's special envoy for the peace negotiations which were to follow as a result of the armistice, and which it had been intended to hold at Wuchang. Thither he proceeded. But the Shanghai revolutionaries repudiated General Li Yuan-hung's authority, and insisted that Shanghai itself must be the venue of the peace conference. After some delay, Tang Shao-yi went down to Shanghai, there to find himself in a hopelessly hostile atmosphere. The conference opened on December 18. The revolutionary demands at the first session were: (1) The abdication of the Manchu Dynasty; (2) The establishment of a Republic; (3) Liberal treatment of the Imperial family. These were transmitted to Peking, but for some days no reply was forthcoming. On December 28 an edict appeared, summoning a National Convention to decide the future form of government, to be composed of delegates from all the provinces.

On December 25 Dr. Sun Yat-sen arrived in Shanghai from Europe. He was at once offered the Presidency of the Republican Government, and was elected to

this office by the Revolutionary National Council at Nanking on the twenty-eighth.

The part that Dr. Sun Yat-sen actually played in the Revolution has formed the subject of considerable controversy ever since. He had been a notorious revolutionary agitator for the greater part of his life, but he would probably have remained unknown to foreigners but for the fact that he was kidnapped outside the Chinese Legation in London by orders of the Chinese Minister in October 1896. Confined in the Legation, he managed to communicate with Dr. Cantlie, who informed the Foreign Office, with the result that his release was effected. It had been intended to ship him to China as a lunatic, and his doom would then have been sealed. When the Revolution broke out in 1911 he was in London. He played no part in events in China until his arrival in Shanghai, except possibly by the collection of funds from Chinese sympathizers abroad. One of the men most competent to speak regarding his rôle in the Revolution is General Li Yuan-hung, who was the acknowledged leader at Wuchang from the very outset. This is what he said in July 1913 :

The world has a false idea about Sun Yat-sen. *He had nothing to do with the actual work of overthrowing the monarchy.* The Revolution was finished when he reached China. I hardly had heard of him, except in a vague and general way, and did not know his political views, except that I had heard of his agitation. So far as I had thought about him at

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all I had regarded him as a visionary. He arrived at Shanghai at a moment when the Southern, or Republican Party, had decided that some kind of a government should nominally be formed, with the capital at Nanking. This was done for moral effect in China and abroad. None of the real leaders of the Revolution, for various reasons, desired to take the position of Provisional President, which we felt would be of short duration. Sun Yat-sen, from being out of China for so long, was not associated with any faction here ; his name was known abroad, and he seemed to suit the occasion. If he ever provided any tangible aid to the real Revolution I did not know of it. His reputation is largely founded on fiction. Huang Hsing took a more tangible part in the actual Revolution, but *the least said about his military services the better.*

Sun Yat-sen was installed as President at Nanking on January 1, 1912, and took oath to "overthrow the absolute oligarchic form of the Manchu Government." On January 5 a Republican manifesto, which was obviously the work of foreign sympathizers, appeared, reciting the alleged crimes of the Manchus. This document is of historical interest in view of what has occurred since the establishment of the Chinese Republic, and is therefore reproduced in full here.

Greeting.—The hitherto irremediable suppression of the individual qualities and national aspirations of the people having arrested the intellectual, the moral, and the material development of China, the aid of revolution has been invoked to extirpate the primary cause, and we now proclaim the resultant overthrow of the despotic sway wielded by the Manchu dynasty and the establishment of a republic.

The substitution of a republic for a monarchical form of Government is not the fruit of a transient passion. It is the natural outcome of a long-cherished desire for broad-based freedom, making for permanent contentment and uninterrupted advancement. It is the formal declaration of the will of the Chinese nation.

We, the Chinese people, are peaceful and law-abiding. We have waged no war except in self-defence. We have borne our grievances during two hundred and sixty-seven years of Manchu misrule with patience and forbearance. We have by peaceful means endeavoured to redress our wrongs, secure our liberty, and ensure our progress, but we have failed. Oppressed beyond human endurance, we deemed it our inalienable right, as well as our sacred duty, to appeal to arms to deliver ourselves and our posterity from the yoke to which we have so long been subjected, and for the first time in our history inglorious bondage has been transformed to an inspiring freedom, splendid with the lustrous light of opportunity.

The policy of the Manchu dynasty has been one of unequivocal seclusion and unyielding tyranny. Beneath it we have bitterly suffered, and we now submit to the free peoples of the world the reasons justifying the revolution and the inauguration of our present government.

Prior to the usurpation of the Throne by the Manchus the land was open to foreign intercourse and religious tolerance existed, as is evidenced by the writings of Marco Polo and the inscription on the Nestorian tablet of Sianfu.

Dominated by ignorance and selfishness, the Manchus closed the land to the outer world and plunged the Chinese people into a state of benighted mentality, calculated to operate inversely to their natural talents and capabilities, thus committing a crime against humanity and the civilized nations almost impossible of expiation.

Actuated by a desire for the perpetual subjugation of the Chinese, by a vicious craving for aggrandizement and wealth, the Manchus governed the country to the lasting injury and detriment of our people, creating privileges and monopolies and erecting about themselves barriers of exclusion in national custom and personal conduct which have been rigorously maintained throughout the centuries.

They levied irregular and unwholesome taxes upon us without our consent, have restricted foreign trade to treaty ports, placed likin embargoes upon merchandize in transit, and obstructed internal commerce.

They have retarded the creation of industrial enterprises, rendered impossible the development of natural resources, and wilfully neglected to safeguard vested interests.

They have denied us a regular system and impartial administration of justice ; inflicted unusual and cruel punishments upon all persons charged with offences, whether innocent or guilty ; and frequently encroached upon our sacred rights without due process of law.

They have connived at official corruption ; sold offices to the highest bidder ; and have subordinated merit to influence.

They have repeatedly rejected our most reasonable demands for better government, and have reluctantly conceded pseudo-reforms under most urgent pressure, making promises without intention of fulfilling them ; and obstructing efforts towards national elevation.

They have failed to appreciate the anguishing lessons taught by the foreign Powers in the process of years, and have brought themselves and our people beneath the contempt of the world.

To remedy these evils and render possible the entrance of China to the family of nations we have fought and formed our government, and, lest our good intentions should be misunderstood, we now publicly and unreservedly declare the following to be our promises :

All treaties entered into by the Manchu Government before the date of the Revolution will be continually effective up to the time of their termination ; but any and all entered into after the beginning of the Revolution will be repudiated.

All foreign loans or indemnities incurred by the Manchu Government before the Revolution will be acknowledged without any alteration of terms ; but all payments made to, and loans incurred by, the Manchu Government after the beginning of the Revolution will be repudiated.

All concessions granted to foreign nations or their nationals by the Manchu Government before the Revolution will be respected ; but any and all granted after the beginning of the Revolution will be repudiated.

All persons and property of any foreign nation within the jurisdiction of the Republic of China will be respected and protected.

It will be our constant aim and firm endeavour to build upon a stable and enduring foundation a national structure compatible with the potentialities of our long-neglected country.

We will strive to elevate our people ; secure them in peace, and legislate for their prosperity.

To those Manchus who abide peacefully within the limits of our jurisdiction we will accord equality and give protection.

We will remodel our laws ; revise our civil, criminal, commercial and mining codes ; reform our finances ; abolish restrictions to trade and commerce ; and ensure religious toleration.

The cultivation of better relations with foreign peoples and Governments will ever be before us. It is our earnest hope that the foreign nations who have been steadfast in sympathy will bind more firmly the bonds of friendship, that they will bear in patience with us in the period of trial confronting us in our reconstructive work, and that they will aid us in the consummation of the far-reaching plans which we are now about to undertake, and which they have been so long and so vainly urging upon the people of this our country.

With this message of peace and goodwill the Republic of China cherishes the hope of being admitted into the family of nations, not merely to share their rights and privileges, but also to co-operate with them in the great and noble task called for in the upbuilding of the civilization of the world.

(Signed) SUN YAT-SEN,

President.

(Countersigned) WU TING-FANG,

Minister for Foreign Affairs.

Dated at Nanking, fifth day of the first month of the first year of the Republic of China (January 5, 1912).

A Republican Cabinet was formed at Nanking, with Huang Hsing as Minister of War. No post was offered to General Li Yuan-hung.

The Republicans were prepared to accept the verdict of a National Convention regarding the form of China's future government, but only under conditions which rendered a verdict against a monarchy inevitable. Tang Shao-yi, who seems to have regarded his task at Shanghai as hopeless and probably entertained no sympathy with the monarchy, accepted the Republican proposals, and, as his action was immediately

repudiated by Yuan Shih-kai, resigned. The armistice was extended from time to time while negotiations proceeded through various channels between Nanking and Peking. The main point at issue soon became the question of the dissolution of the Provisional Government if Yuan Shih-kai definitely accepted a proposal for the inauguration of a Republic on the understanding that he was to become President. He was in the difficult position of being charged with the protection of the interests of the Manchus and at the same time trying to prevent a renewal of hostilities or a definite rupture between North and South, for, whatever might have been the feeling in the south, the northern provinces were not prepared to accept the domination of the Cantonese element. The partisans of Yuan Shih-kai and Dr. Sun Yat-sen respectively accused each other of duplicity and bad faith.

The vacillations of the Imperial family—who at one moment appeared to recognize that there was no other course open to them but to abdicate, and, at the next, under the influence of some of the younger Princes and of Tieh Liang (ex-Tartar-General of Nanking), appeared determined to fight to the bitter end—rendered the issue uncertain until the last moment. Dissensions occurred in the Revolutionary camp, a portion of the Republicans adopting an uncompromising attitude and demanding an immediate advance on Peking. Terrorism was rampant in North

China. On January 17 an attempt—fortunately unsuccessful—was made to assassinate Yuan Shih-kai in the streets of Peking. On January 26 General Liang Pi, a member of the Imperial clan, who had recently been removed from the command of the Imperial Guard and appointed to the General Staff, was mortally wounded by a bomb explosion. The following day an unsuccessful attempt was made to blow up General Chang Huai-chi at Tientsin city railway station. On or about January 15 Dr. Sun Yat-sen telegraphed to Yuan Shih-kai offering him the Presidency, subject to certain conditions which included the public profession of his support of republicanism, his election by the National Council, and the taking by him of an oath to comply with the Constitution passed by that body.

The deadlock between Peking and Nanking was broken by the action of the Imperialist Generals, who, on January 27, with the connivance, if not at the actual instigation, of Yuan Shih-kai, submitted a telegraphic memorial to the Cabinet requesting it to urge the Throne to accept the Republican conditions and to abdicate immediately.

The edicts of abdication were drafted on February 3, but were not actually promulgated until the thirteenth, Yuan Shih-kai taking advantage of the interval to consolidate his own position. A further hitch occurred when they actually appeared owing to

the fact that the first edict empowered Yuan Shih-kai personally to organize a Provisional Republican Government. No actual mention of abdication appeared in any of the three edicts. Yuan Shih-kai was suspect among many of the Republicans, who therefore insisted that he should come in person to Nanking to take the oath. Nevertheless, Sun Yat-sen resigned the presidency on February 14.

Yuan Shih-kai maintained that conditions in the North did not permit of his leaving the capital. A special Republican delegation then proceeded to Peking to press the point, arriving at the capital during the last week of February. Yuan then agreed to go to Nanking within a fortnight, but on February 29 the 3rd Division, which was stationed at Peking, mutinied, and looted a large portion of the city. The Southern delegation itself had to seek safety in the Legation quarter. The mutiny spread to Tientsin, Paoting, and other places. Whether these disturbances were or were not inspired by Yuan Shih-kai, they caused the Republicans once and for all to abandon their demands that he should go south.

The Provisional Constitution was adopted by the Nanking Assembly—by no means a representative body—on March 10. Yuan Shih-kai took the oath of office the same day, and the National Council formally approved of his inauguration and transmitted to him the seals of office.

THE PROVISIONAL CONSTITUTION

Framed by the National Convention at Nanking and promulgated on March 11, 1912.

CHAPTER I. GENERAL.

Article 1. The Republic of China is established by the People of China.

Article 2. The sovereignty of the Republic of China is vested in the whole body of the People.

Article 3. The territory of the Republic of China consists of the twenty-two provinces, Inner and Outer Mongolia, Tibet, and Kokonor.

Article 4. The Government of the Republic of China shall be composed of the National Assembly, the Provisional President, the Ministers of State, and the Courts of Justice.

CHAPTER II. CITIZENS.

Article 5. The citizens of the Republic of China shall be equal, irrespective of race, class, or religion.

Article 6. The citizens shall enjoy the following rights and liberties :

(1) No person shall be arrested, detained, tried, or punished without due process of law.

(2) No house shall be broken into or searched without due process of law.

(3) Every citizen shall have the right to own property and follow his occupation.

(4) Every citizen shall enjoy the liberty of speech, writing, publication, calling meetings, and forming societies.

(5) Every citizen shall enjoy the right of privacy in correspondence.

(6) Every citizen shall have the right to reside or to remove at pleasure.

(7) Every citizen shall enjoy the liberty of religious belief.

Article 7. Citizens shall have the right to petition the National Assembly.

Article 8. Citizens shall have the right to petition the administrative offices.

Article 9. Citizens shall have the right to sue and to be tried in the Courts of Justice.

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Article 10. Citizens shall have the right to appeal to the Administrative Court, when officials of the Government have illegally infringed their rights.

Article 11. Citizens shall have the right to pass Government service examinations.

Article 12. Citizens shall have the right to elect and to be elected.

Article 13. Citizens shall pay taxes as prescribed by law.

Article 14. Citizens shall serve in the Army as prescribed by law.

Article 15. The rights and liberties of citizens specified, in the interest of the public, or for the maintenance of order and peace, or in case of any other urgent necessity, may be curtailed by due process of law.

CHAPTER III. THE NATIONAL ASSEMBLY.

Article 16. The legislative power of the Republic of China shall be vested in the National Assembly.

Article 17. The National Assembly shall be constituted by representatives returned from various territories as specified in section 18.

Article 18. Five representatives shall be returned to the Assembly from each province, Inner Mongolia, Outer Mongolia, and Tibet ; and one from Kokonor. The method of election shall be left to the decision of the electoral division, and members of the Assembly shall be entitled to only one vote in session.

Article 19. The duties and powers of the National Assembly shall be :

(a) To make all laws.

(b) To pass the Budget of the Provisional Government.

(c) To establish a system of national taxation, currency, and uniform weights and measures.

(d) To decide the making of public loans and such other agreements as pertain to the National Treasury.

(e) To ratify all matters specified in sections 34, 35, and 40.

(f) To reply to questions sent by the Provisional Government.

(g) To attend to petitions of citizens.

(h) To express and present views to the Government regarding law and other matters.

(i) To question Ministers of State and demand their presence at the Assembly to give reply.

(j) To request the Government to punish officials guilty of receiving bribes, or otherwise acting contrary to law.

(k) To impeach the Provisional President, if he be recognized as having acted as a traitor, provided there be a quorum of four-fifths of the whole number of members, of whom three-fourths vote in favour.

(l) To impeach any Minister of State, if he be recognized as having failed to carry out his duties, or having acted contrary to law, provided there be a quorum of three-fourths of the whole number of members, of whom two-thirds vote in favour.

Article 20. The National Assembly shall itself convene its meetings, and decide the opening and closing of its sessions.

Article 21. All meetings of the National Assembly shall be public, but may be held in camera, if any Minister of State so request, or the majority of the members so decide.

Article 22. The decisions of the National Assembly shall be promulgated and carried out by the Provisional President.

Article 23. If the Provisional President vetoes any Bill passed by the National Assembly, he shall state his objections within ten days after it shall have been presented to him ; and the matter shall be placed before the Assembly for reconsideration. If two-thirds of the members present reaffirm their decision, the same shall be carried out as prescribed by law, in section 22.

Article 24. The Speaker of the National Assembly shall be elected by ballot, and shall be declared elected if the ballot returns more than one-half of the total votes cast.

Article 25. The members of the National Assembly shall bear no responsibility to outsiders for their speeches and decisions made in the Assembly.

Article 26. Except *flagrante delicto*, or for crimes endangering internal peace or provocative of external complications, members of the National Assembly shall not be arrested during a session of the Assembly without the consent of the Assembly.

Article 27. The standing rules of the National Assembly shall be made by the Assembly itself.

Article 28. The National Assembly shall be dissolved as soon as the National Convention meets, which shall succeed to all its rights and powers.

CHAPTER IV. THE PROVISIONAL PRESIDENT AND VICE-PRESIDENT.

Article 29. The Provisional President and Vice-President shall be elected by the National Assembly by a vote of two-thirds of the members at a quorum of three-fourths of the whole number.

Article 30. The Provisional President shall represent the Provisional Government, control political affairs, and promulgate laws.

Article 31. The Provisional President shall execute the laws, and issue and promulgate such orders as are authorized by the law.

Article 32. The Provisional President shall be Commander-in-Chief of the Army and Navy.

Article 33. The Provisional President shall make all Government service rules and regulations, subject to the approval of the National Assembly.

Article 34. The Provisional President shall have power to appoint and dismiss all civil and military officials, except Ambassadors and Ministers, whose appointment and dismissal shall be approved by the National Assembly.

Article 35. The Provisional President shall have power, with the consent of the National Assembly, to declare war, conclude peace, and make treaties.

Article 36. The Provisional President shall have power to declare martial law as authorized by the law.

Article 37. The Provisional President, as the representative of the whole nation, shall receive foreign Ambassadors and other public Ministers.

Article 38. The Provisional President shall have power to recommend measures to the National Assembly for consideration.

Article 39. The Provisional President shall have power to confer decorations and other honorary bestowals.

Article 40. The Provisional President shall have power to grant general amnesty, special amnesty, commutation, and rehabilitation; but the granting of a general amnesty shall have the approval of the National Assembly.

Article 41. In case of the impeachment of the Provisional President by the National Assembly, the judges of the highest courts of justice shall elect nine judges to constitute a special tribunal for that purpose.

Article 42. The Provisional Vice-President shall act for the Provisional President, in case he resigns, or is otherwise unable to attend to his duties.

CHAPTER V. MINISTERS OF STATE.

Article 43. The Prime Minister and the Heads of the Ministries shall be called the Ministers of State.

Article 44. The Ministers of State shall assist the Provisional President and share his responsibility.

Article 45. The Ministers of State shall countersign all bills proposed, laws promulgated, and orders issued by the Provisional President.

Article 46. The Ministers of State and their deputies shall have the privilege of attending and speaking in the Assembly.

Article 47. A Minister of State on impeachment by the National Assembly shall be removed from office by the Provisional President, but, at the request of the Provisional President, the case may be reconsidered by the Assembly.

CHAPTER VI. THE COURTS OF JUSTICE.

Article 48. The Courts of Justice shall consist of judges appointed by the Provisional President and the Minister of Justice. The organization of the courts and the qualification of the judges shall be prescribed by law.

Article 49. The Courts of Justice, as authorized by the law, shall have power to try all civil and criminal cases, except those involving administrative matters and of a special nature, which shall be tried by a different procedure.

Article 50. All trials of the Courts of Justice shall be open to the public, except those affecting peace and order, which shall be tried in closed session.

Article 51. Judges, in the discharge of their duties, shall be independent and not be interfered with by their superiors.

Article 52. During tenure of office, the compensation of judges shall not be diminished, or their services transferred; and, except when in conformity with the law they deserve punishment or retirement from office, they shall not be removed. Regulations for the removal of judges shall be prescribed by a special law.

CHAPTER VII. SUPPLEMENTARY PROVISIONS.

Article 53. Within ten months after the promulgation of the present Constitution, the Provisional President shall convene Parliament, whose organization and method of election shall be decided by the National Assembly.

Article 54. The Constitution of the Republic of China shall be drawn up by the National Assembly, and, until it takes effect, the Provisional Constitution shall have the same force as the aforesaid Constitution.

Article 55. The present Constitution may be amended by a vote of two-thirds of the members of the Assembly, or upon the application of the Provisional President by a vote of three-fourths of the members out of a quorum of four-fifths of the number present.

Article 56. The present Constitution shall take effect from the date of its promulgation, and all enactments heretofore passed for the organization of the Provisional Government shall from the said date become null and void.

TERMS OF ABDICATION.

The terms agreed to by both sides for the favourable treatment of the Dynasty were as follows :

A.—Concerning the Emperor :

The Ta-ching Emperor having proclaimed a republican form of government, the Republic of China will accord the following treatment to the Emperor after his resignation and retirement.

Article 1. After abdication the Emperor may retain his title, and shall receive from the Republic of China the respect due to a foreign sovereign.

Article 2. After abdication the Throne shall receive from the Republic of China an annuity of Tls. 4,000,000 until the establishment of a new currency, when the sum shall be \$4,000,000.

Article 3. After abdication the Emperor shall for the present be allowed to reside in the Imperial Palace, but shall later remove to the Eho Park, retaining his bodyguard at the same strength as hitherto.

Article 4. After abdication the Emperor shall continue to perform the religious ritual at the Imperial Ancestral Temples and Mausolea.

which shall be protected by guards provided by the Republic of China.

Article 5. The mausoleum of the late Emperor not being completed, the work shall be carried out according to the original plans, and the services in connexion with the removal of the remains of the late Emperor to the new mausoleum shall be carried out as originally arranged, the expense being borne by the Republic of China.

Article 6. All the retinue of the Imperial Household shall be employed as hitherto, but no more eunuchs shall be appointed.

Article 7. After abdication all the private property of the Emperor shall be respected and protected by the Republic of China.

Article 8. The Imperial Guards shall be retained without change in members or emolument, but they shall be placed under the control of the Department of War of the Republic of China.

B.—Concerning the Imperial Clansmen :

Article 1. Princes, Dukes, and other hereditary nobility of the Ching House shall retain their titles as hitherto.

Article 2. Imperial Clansmen of the Ching regime shall enjoy public and private rights in the Republic of China on an equality with all other citizens.

Article 3. The private property of the Imperial Clansmen of the Ching House shall be duly protected.

Article 4. The Imperial Clansmen of the Ching House shall be exempt from military service.

C.—Concerning Manchus, Mongols, Mohammedans, and Tibetans :

The Manchus, Mongols, Mohammedans, and Tibetans having accepted the Republic, the following terms are accorded to them :

Article 1. They shall enjoy full equality with the Chinese.

Article 2. They shall enjoy the full protection of their private property.

Article 3. Princes, Dukes, and other hereditary nobility shall retain their titles as hitherto.

Article 4. Impoverished Princes and Dukes shall be provided with means of livelihood.

Article 5. Provision for the livelihood of the Eight Banners shall

with all despatch be made, but until such provision has been made the pay of the Eight Banners shall be as hitherto.

Article 6. Restrictions regarding trade and residence that have hitherto been binding on them are abolished, and they shall now be allowed to reside and settle in any department or district.

Article 7. Manchus, Mongols, Mohammedans, and Tibetans shall enjoy religious freedom.

The above terms are to be officially communicated in dispatches from both sides, to the foreign Ministers in Peking, to be forwarded to their respective Governments.

CHAPTER III

THE REPUBLIC

CHINA became a Republic two years before the date on which, had the Nine Years' Programme of Constitutional Reform been adhered to, one per cent. of the population should have been able to read and write. Moreover, the change from a monarchy to a republic was brought about, not by any overwhelming victory on the part of the Republican forces, which had, in fact, sustained defeat after defeat when opposed to the modern Armies from the North, but rather as a result of a compromise which was to leave the executive power in the hands of one who had little sympathy with, or understanding of, the principles of modern democracy, but who had a strong military following.

Yuan Shih-kai assumed office as Provisional President, with certain manifest advantages. He had the reputation of being a capable and progressive official. He stood high in the estimation of foreigners—with the possible exception of the Japanese, with whom he had come into conflict in Korea—as a result of his friendly attitude towards them during the Boxer outbreak. He had, moreover, the loyal support of the generals and most of the officers of the modern

Army, of which he was the founder. He knew his countrymen, and how to handle them, and he found a loyal colleague in General Li Yuan-hung, who, though elected Vice-President, remained at Wuchang, and retained control over the middle Yangtze. On the other hand, he was from the outset distrusted by the Southern Republicans, who would probably never have agreed to his election had they not recognized the hopelessness of conquering the Northern provinces.

The two problems demanding immediate attention when Yuan Shih-kai assumed the Presidency were finance and disbandment. The Revolution had resulted in the springing up throughout the country of mushroom armies, for the most part undisciplined, owing allegiance to no central authority, and preying upon the population for their maintenance. With the exception of the Customs Revenues, which continued to be collected under foreign supervision, all sources of national revenue had been appropriated by the local authorities. - The Central Government, therefore, found it impossible to meet its foreign obligations, or to raise the revenue necessary for its own maintenance. In these circumstances it approached the group which had undertaken to float the Currency and Hukuang Loans for financial assistance, and as early as February 28, 1912, the Hongkong & Shanghai Banking Corporation, on behalf of this group, advanced two million taels to the Nanking Government, on the

under standing that negotiations would be entered upon for a comprehensive Reorganization Loan. The Republican Government, now transferred to Peking, undertook to give the International Group the option of supplying its further financial requirements.

Negotiations for the Reorganization Loan had made some headway when it was discovered that a loan for a million sterling, with the option of taking up another nine millions, had been arranged with an independent Belgian Group on March 15. The Quadruple Group thereupon suspended negotiations, which were, however, renewed in May, again interrupted in June, and not brought to a conclusion until April 26, 1913. The stumbling-block proved to be the demand of the bankers (supported by their respective Governments) for foreign supervision of the expenditure of the proceeds of the projected loan, and of the collection of the revenues pledge as security therefore.

Yuan Shih-kai was opposed to such supervision, because he desired unfettered control of the expenditure of the loan. Foreign supervision was equally repugnant to the republican politicians, who regarded it as an impairment of China's sovereign rights. The agreement signed in April 1913 provided for a loan of twenty-five millions sterling, of which three millions were earmarked for disbandment expenses, upwards of ten millions for foreign liabilities of the Central and Provincial Governments, five million five hundred

thousand sterling for administrative expenses of the Central Government, and two millions for the reorganization of the Salt Administration. The Salt Revenues of the whole of China were pledged as security, and were to be collected under the supervision of a foreign (British) Associate Chief Inspector, with a number of foreign District Inspectors. Foreign advisers were also to be employed in the Audit Department and the Bureau of National Loans. When the Loan Agreement was signed Russian and Japanese interests had joined, and American interests had abandoned, the International Group.'

Pending the election of a bicameral legislature, the National Council organized at Nanking during the Revolution continued to function, and its members, and the Republicans generally, were constantly embroiled in disputes with the President. He refused, in the first place, to entrust the offices of Minister of Finance and Minister of War to republican nominees. Sun Yat-sen, who had propounded a visionary scheme for the construction of 75,000 miles of railway within ten years, with the aid of foreign capital, and at a cost of six hundred millions sterling, was temporarily placated with the post of Director of the National Railway Corporation, with headquarters in Shanghai. Other impracticable projects he put forward about this time included the solution of China's financial difficulties by the issue of an unlimited number of

inconvertible paper notes, and the conquest of Russia by the gradual raising of an army of five million men—this latter in retaliation for Russian aggression in Outer Mongolia.

The new Parliament was to consist of a Senate, composed of ten Senators elected by each of the Provincial Assemblies, and a House of Representatives, elected by a complicated system of double elections, based upon one member per 800,000 of the population. The elections were supposed to take place in December 1912 and January 1913, but cannot have been other than farcical, as the administrative machinery for conducting them in a country the size of China, with its lack of communications, did not exist. In 1912 the Tung Meng Hui, the original Revolutionary party, had amalgamated with four other Republican parties to form the Kuomintang, which obtained more seats than any other party in each house—269 out of 596 in the House of Representatives, and 123 out of 274 in the Senate. On March 21, 1913, on the eve of the assembling of Parliament, the parliamentary leader of the Kuomintang, Sung Chiao-jen, was murdered at Shanghai railway-station in circumstances which threw suspicion upon the Minister of Interior, one of Yuan Shih-kai's most trusted lieutenants. When Parliament met, therefore, on April 8, it was in an electrical atmosphere. It was intimated that the President's presence at the opening ceremony would be unwelcome,

and the legislators did not even permit his inaugural message to be read. He was attacked immediately for the conclusion of the Reorganization Loan without parliamentary sanction—a course which he maintained to be justified by the fact that the main provisions of the contract had been approved by the National Council in the preceding December. Relations between President and Parliament daily became more tense, but the legislators managed to discredit themselves to a considerable extent by their disorderly conduct in both Houses. The rule fixing the quorum at fifty per cent. of the total membership, coupled with the fact that no party had a clear majority, led to a series of deadlocks, and rendered the passage of any constructive legislation impossible.

By July certain of the Kuomintang Tutuhs, or Military Governors, in the South had become so truculent that Yuan Shih-kai determined to supersede them with his own nominees. This was the signal for another rising, which became known as the Second Revolution. The Northern forces were uniformly victorious; the rebellion was crushed, and many of the Kuomintang leaders, including Sun Yat-sen, were proscribed, and fled from the country. Parliament, chastened by the exhibition of Yuan Shih-kai's power, and doubtless liberally rewarded financially for the purpose, thereupon elected Yuan Shih-kai as formal President of the Republic, enabling him to take the

inaugural oath in the presence of the Representatives of the Treaty Powers—which now accorded recognition to the Republic—on the second anniversary of the Revolution, October 10, 1913. Li Yuan-hung was re-elected Vice-President.

The Kuomintang hoped to regain by the provisions of the new Constitution—which was now in preparation by a joint committee of the two Houses—what they had lost by the summer revolt. This Constitution was designed to strip the President of all executive power, and to deprive him of virtually all initiative. Yuan Shih-kai, however, was determined not to submit to parliamentary control, and, after consulting the Provincial Militarists and obtaining their concurrence with his views, proscribed the Kuomintang as a seditious organization, and unseated all members of that party in each House. The result was that Parliament, unable to obtain a quorum, languished inactive until January 1914, when it was dissolved, and replaced by a nominated Council of State, to which was entrusted the task of compiling a Constitution more in accord with the President's personal views.

The Revised Provisional Constitution, which was promulgated on May 1, 1914, transferred practically all of the executive power from Parliament to the President, extended the latter's term of office from five to ten years, and practically vested in him the choice of his successor if he did not himself desire

re-election. Later in the same year Yuan Shih-kai reintroduced the State worship of Heaven and of Confucius, officiating at the annual ceremonies in connexion therewith in robes similar to those worn by the Emperors of old. It was widely believed that his goal was now the Throne, and this suspicion was confirmed in 1915, when an inspired movement for the conversion of the republic into a monarchy, with Yuan Shih-kai as Emperor, was launched, Liang Shih-yi being one of the chief organizers. The military and civil governors were instructed by secret telegrams, the contents of which afterwards became known, to arrange for petitions to Yuan Shih-kai to ascend the Throne. Arrangements were also made for a "packed" Citizens' Convention, which was to petition the President to the same effect. The Great War was raging at this time, leaving Japan the dominating position in the Far East. The Japanese Government had always been hostile to Yuan, and at its instigation the British and Russian Governments joined in tendering advice to him in October 1915 to the effect that a constitutional change was inadvisable. America refused to participate in these representations.

Yuan Shih-kai's campaign managers responded to this move by issuing secret instructions to the provinces to stage demonstrations in favour of the monarchy. The balloting of the Citizens' Convention was stated to be overwhelmingly in favour of the monarchical

project, and on December 11 the Council of State petitioned the President to assume the Throne and declare himself Emperor. After a pretence of reluctance, Yuan Shih-kai assented, fixing the date for his coronation and the ceremonies in connexion therewith. But public opposition was increasing.

It was manifest to most observers that the monarchical agitation was entirely artificial, and on December 25 the standard of revolt was hoisted by Tsai Ao, a staunch republican, in Yunnan. The rising soon spread, until practically all of the Southern and Western Provinces were in rebellion. The coronation, fixed for February 9, had to be postponed, and, though Yuan at first intended to suppress the revolt by force, the defection of a number of his military subordinates, who felt no disposition to fight for the furtherance of his ambitions, led him formally to cancel the monarchical scheme. This belated surrender did not placate the Southern leaders, who insisted that Yuan Shih-kai had betrayed the Republic, and must relinquish the Presidency. The crisis was only solved by Yuan Shih-kai's sudden death on June 6, 1915.

General Li Yuan-hung, the Vice-President, who had been residing in Peking since December 1913, virtually a prisoner in the palace, succeeded to the Presidency in accordance with the provisions of the Constitution. He immediately reconvened the old Parliament, which reassembled in Peking on August 2. There was a

tacit understanding that the Legislature should concentrate its attention upon the completion of the Permanent Constitution, the passage of the Budget, and the election of a Vice-President. General Feng Kuo-chang, who was elected to the latter office, continued to reside in Nanking. General Tuan Chi-jui became Premier. It will be remembered that Generals Tuan Chi-jui and Feng Kuo-chang had been Yuan Shih-kai's subordinates when he organized the modern (Peiyang) Army, and had served under his direction as Commanders of the First and Second Imperial Armies in 1911. The influence of what became known as the "Peiyang" Party was thus perpetuated, until dissensions arose between the followers of Tuan Chi-jui and Feng Kuo-chang, resulting in the formation of the "Anhwei" (or "Anfu") and "Chihli" factions, respectively.

Tuan Chi-jui soon came into conflict with the President and with Parliament over the question of China's participation in the Great War on the side of the Allies. The President was openly opposed to China's participation, fearing that it would serve only to strengthen militarist influence in China. Parliament, on the whole, was favourably disposed to conditional participation, but desired to take the entire credit for the declaration of war, and resented the dictatorial attitude of the militarists. Matters were brought to a head by the summary dismissal of Tuan Chi-jui

from the Premiership. His fellow-militarists rallied to his support, formed a so-called "Military Council" at Tientsin, and vehemently denounced Parliament, not only on account of its attitude towards the war, but on the ground that the draft of the new Constitution was unworkable.

At this juncture General Chang Hsun offered, and President Li Yuan-hung urged him, to come to Peking to mediate. He proceeded to Peking with a large force of his pigtailed "braves," and, after compelling the President to dissolve Parliament, effected a *coup*, abolishing the Republic and reinstating the Manchu Emperor. The President fled to the Legation quarter. Chang Hsun afterwards maintained, and there is little reason to doubt, that his *coup* had been decided upon at a representative meeting of Northern militarists some weeks previously.

Tuan Chi-jui, however, who was now in Tientsin, immediately issued a manifesto demanding the restoration of the Republic. The military leaders in North China responded to his summons, and within a fortnight Peking had been reoccupied by a Republican Army, and Chang Hsun was a refugee in the Dutch Legation. President Li Yuan-hung flatly refused to reassume office, and the Vice-President, General Feng Kuo-chang, therefore succeeded to the Presidency for the unexpired portion of Yuan Shih-kai's original five-year term. War was declared upon the Central

Powers on August 14, 1917. The Southern provinces, which had organized a punitive expedition of their own, on hearing of Chang Hsun's *coup*, were not placated by Tuan Chi-jui's prompt action, but remained in revolt against the Central Government.

Early in 1918 the dissensions between Feng Kuo-chang and Tuan Chi-jui, led to a split in the "Pie-yang" Party. Tuan Chi-jui had the upper hand, and resumed the Premiership, being the acknowledged chief of what became known as the "Anfu" Party, which relied upon Japanese financial and political support. The "Anfu" Government contracted loans amounting to upwards of Yen 250,000,000 with Japanese financiers during 1918, all kinds of national resources being offered as security, and the proceeds being squandered on strengthening the "Anfu" Army. President Feng Kuo-chang endeavoured, on his part, to secure funds by an infamous opium deal, from which he expected to make a profit of about three million dollars.

Tuan Chi-jui did not intend to allow Feng Kuo-chang to remain in office after October 1918, when his term expired, and, with the aid of his associates, organized elections for the so-called "Tuchuns' Parliament," a packed legislature of nominees of the Northern militarists, most of whom would never have dared to show their faces in the provinces they claimed to represent. The Southerners retaliated by inviting the

rump of the old Parliament to meet in Canton, and by repudiating allegiance to Peking and its legislature. At a conference of the Northern militarists (now known as Tuchuns) it was decided to replace Feng Kuo-chang as President by Hsu Shih-chang, who had been a sworn brother of Yuan Shih-kai, and had served as his Secretary of State. Hsu Shih-chang assumed office in October, but, contrary to the expectations of his supporters, signalized his assumption of the Presidency by issuing a Peace Mandate, enjoining the cessation of hostilities between the North and the South. This mandate produced no effect whatsoever in the country. Nor did a joint warning addressed to China by the American, British, French, Italian, and Japanese Governments against the perpetuation of internal strife produce any result. It is to the credit of President Hsu Shih-chang that he annulled his predecessor's infamous opium deal soon after assuming office.

The failure of all efforts to reunite the country resulted in the representation of China at the Versailles Conference by a delegation containing Northern and Southern delegates. The revelation of the secret undertakings given to Japan by the British, French, Italian, and Russian Governments to support her claims in Shantung, aroused intense indignation throughout the country, and caused a widespread anti-Japanese agitation which resulted in a general

boycott of Japanese merchandise. The intense anti-Japanese feeling of the nation culminated in an attack by the Peking students upon the more notorious of the Japanophil Ministers. Tsao Ju-lin and Chang Tsung-hsiang were assaulted. The former's house was set on fire, and both officials were so humiliated that they resigned their posts. The "Anfu" Party, however, continued to flout public opinion. General Hsu Shu-tseng (better known as "Little" Hsu), who had been in command of the War Participation Army—financed and equipped by the Japanese—proceeded to Outer Mongolia towards the end of 1919, and there restored Chinese authority in Urga with a ruthlessness for which his countrymen were to pay dearly at a later date.

Early in 1920 the "Anfu" leaders endeavoured to strengthen their hold by the dismissal of all militarists in the North who did not belong to their faction. In particular, they endeavoured to dislodge Tsao Kun, who on Feng Kuo-chang's death had become the leader of the "Chihli" faction. The crisis came in June, when, at the instance of Wu Pei-fu, Tsao Kun's ambitious subordinate, a demand was made for the dismissal of "Little" Hsu. The President yielded. The Manchurian Tuchun, Chang Tso-lin, next demanded the dissolution of the "Anfu" Party. This led to a breach between him and Tuan Chi-jui. Peking, however, remained in the control of the "Anfu"

Party, which retaliated by demanding the censure of Tsao Kun and the dismissal of Wu Pei-fu. To this, also, the vacillating President agreed. Thereupon the "Chihli" leaders accepted the challenge, and hostilities broke out between the "Chihli" and "Anfu" factions.

The conduct of military operations south of Peking was in the hands of Wu Pei-fu, who inflicted a series of crushing defeats upon the "Anfu" forces. Chang Tso-lin sent an army to the assistance of the "Chihli" forces, but the serious fighting was over before it took the field. The "Anfu" Party completely collapsed. With the exception of Tuan Chi-jui, towards whom neither Tsao Kun nor Chang Tso-lin seems to have felt much animosity, all the leaders sought refuge in the Japanese Legation.

Chang Tso-lin and Tsao Kun met in Tientsin to confer regarding the exploitation of their victory, and it is noteworthy that it was at this time that the former first displayed his animus towards Wu Pei-fu, speaking of him to the writer in slighting terms as "only a commander of a division," and protesting against his having any share in the political exploitation of the victory for which he had been mainly responsible. "Little" Hsu escaped from the Japanese Legation in November 1920.

Tsao Kun and Chang Tso-lin, after cementing their friendship by a marriage between the two families, parcelled out the Cabinet posts among their respective

nominees. The result, however, was not satisfactory, and at the end of 1921 Chang Tso-lin took matters into his own hands, and appointed Liang Shih-yi, who had been in exile since his participation in Yuan Shih-kai's monarchical campaign, Premier. Wu Pei-fu immediately protested, and the new Premier went on sick leave, refusing to resign until he had been dismissed or publicly whitewashed by President Hsu Shih-chang. The latter did not dare to take either step, and relations between the "Chihli" and Mukden leaders became more and more strained until, in April, Chang Tso-lin announced his intention of suppressing Wu Pei-fu by force, on the ground that he was an obstacle to reunification.

Fighting began at the end of April 1922, and, after some initial successes, the Manchurian forces sustained a crushing defeat in the vicinity of Peking, and had to retreat hastily down the railway, eventually entrenching themselves near Shanhaikuan. There they frustrated all of Wu Pei-fu's attempts to dislodge them, and after several weeks' fighting a truce was agreed to, under which the Manchurian and "Chihli" forces were to be withdrawn a definite distance from their respective sides of the great wall. Chang Tso-lin, in his flight, had carried off the bulk of the locomotives and rolling-stock of the Peking-Mukden Railway, which he now withdrew into Manchuria, and on his return to Mukden he proclaimed the independence of

Manchuria and organized the Shanhaikuan-Mukden sector of the Peking-Mukden Railway as a separate enterprise under his own exclusive control.

President Hsu Shih-chang resigned on June 1, 1922, and, after much persuasion, and unconditional pledges of support from Tsao Kun and Wu Pei-fu, General Li Yuan-hung, who was living quietly in Tientsin, was prevailed upon to return to the capital as Acting President. He again convened the old Parliament. But he was soon to find that the promises by which he had been induced to resume office were worthless. Wu Pei-fu, though refusing to accept office as Minister of War, on the pretext that it was necessary for him to return to Loyang, his headquarters in Honan, in order to reorganize his army, repeatedly addressed long telegrams to Peking denouncing the actions and appointments of the President. Interested parties conspired to aggravate the tension between Peking and Loyang, while the ground was being prepared to supplant Li Yuan-hung by the "Chihli" warlord, Tsao Kun. Wu Pei-fu does not appear to have approved of this scheme, though he did nothing to oppose it, employing his energies for the subjection of other provinces, notably Fukien, Szechwan, and Hunan.

The actual downfall of President Li Yuan-hung was brought about by Feng Yu-hsiang, the "Christian General," who first endeavoured to cut off financial

supplies to the President's Office by installing his own nominee as Chief of the Peking Octroi, an appointment which had been held by one of Wu Pei-fu's nominees. When the President refused to accept his nominee the "Christian General" tendered his resignation, and simultaneously there were demonstrations before the palace by his troops, the Peking police, and a number of hired coolies. President Li found himself completely isolated, his telegrams and correspondence being intercepted. He had no military support on which he could rely, and in September 1923 he fled to Tientsin. There his train was surrounded by the troops of the "Chihli" Governor, and he was detained until the Presidential seals had been surrendered.

The Government was carried on for the next few weeks by a triumvirate of Tsao Kun's supporters. President Li Yuan-hung's resignation was formally accepted by the Legislature, where, however, the motion was declared carried by a standing vote, as his enemies did not dare to risk a ballot.

The way was now open for the "election" of Tsao Kun to the Presidency. This was achieved by an unprecedented campaign of bribery among the legislators. It is estimated that upwards of fifteen million dollars, derived from the railway revenues, wine and tobacco taxes, and exactions from the merchants and gentry of the Northern provinces, were expended upon bribing the legislators, who not only received regular

salaries from Paotingfu, but at least five thousand dollars per vote. The corrupt Parliamentarians duly elected Tsao Kun President on October 5, and he assumed office five days later. The shameless corruption employed in connexion with the election of the new President aroused intense indignation throughout the country. There were hostile demonstrations in a number of cities, but no actual revolt occurred in those provinces which still professed allegiance to Peking.

Three months of squabbling over the Premiership followed, Wu Ching-lien, the Speaker of the Lower House, who had assisted in stage-managing the election, expecting that office as his reward. His candidature provoked serious opposition from several quarters, and eventually the Premiership was offered to, and accepted by, Sun Pao-chi, an official of the old school, who had been Minister to France as long ago as 1902. He was not, however, permitted any freedom in the selection of his colleagues in the Ministry, who were chosen for him by the President's henchmen, with the result that there was incessant friction in the Cabinet throughout Sun Pao-chi's tenure of office.

Early in 1924 orders were issued for the election of a new Parliament, which was to take place in April and May. No action, however, was taken. Many of the provinces had repudiated allegiance to the Central Government, while others ignored its instructions.

The old Parliament, therefore, continued to meet spasmodically, but had become so debauched by the Presidential election that no measure of importance affecting China's domestic or external problems could secure parliamentary approval without lavish bribery.

Sun Pao-chi, finding his position hopeless, insisted upon resigning from the Premiership in July 1924, and within a few days Dr. W. W. Yen was nominated as his successor. No action was taken on this nomination by Parliament until September, when China was again in the throes of a civil war. Trouble had been brewing in the Yangtze Valley for some months. Shanghai, the commercial metropolis of China, had for several years been detached from the province in which it is actually situated—Kiangsu—and controlled by the Military Governor of Chekiang, the only "Anfu" Governor who retained his post after the civil war of 1920.

The Kiangsu Tuchun, one of the "Chihli" faction, naturally resented this infringement of his prerogatives, the more so as there was reason to believe that the Chekiang authorities were deriving an income of many millions of dollars per annum from their connivance in the illicit opium traffic, of which Shanghai was the centre. The pretext selected for the outbreak of hostilities was the hospitality accorded to some troops which had been defeated by Wu Pei-fu's subordinate in Fukien, who fled into Chekiang territory. Everyone

knew that if war began in mid-China it would spread to the North, but Wu Pei-fu was confident of his ability to defeat Chang Tso-lin.

Hostilities had hardly broken out between Kiangsu and Chekiang when Chang Tso-lin addressed an ultimatum to Peking. He had, since his defeat in 1922, completely reorganized his army, enlisted a number of "White" Russians in his forces, purchased some scores of modern aeroplanes, and, under the supervision of a British expert, equipped his troops with a formidable armament of improved Stokes' mortars. Although there was unusually heavy fighting in North China and the Yangtze Valley, the issue in each case was decided by treachery. The Chekiang Tuchun was betrayed by several of the generals on whose support he had relied, and had to flee to Japan, whence he made his way to Mukden.

Wu Pei-fu, after sustaining some minor reverses on the Shanhaikuan front, was holding his own when the news reached him that the commander of his Third Army, the "Christian General," had suddenly returned from the Jehol front, seized Peking, imprisoned the President, and declared in favour of immediate peace. He rushed back to Tientsin, with a few hundred of his picked troops, to meet this new development, expecting that he would receive substantial reinforcements by rail from Kiangsu. But the Shantung Tuchun suddenly declared "neutrality," cut the

railway on the Northern and Southern frontiers of his province, and refused to allow troops to pass through from either direction.

The Shanhaikuan front collapsed a few days after Wu Pei-fu had given up personal command, and he had to flee by sea to the Yangtze Valley, whence he made his way back to his headquarters at Loyang. Thence he was ejected by armies co-operating with Feng Yu-hsiang, and made his way to the Yangtze, and eventually to Yochow. Chang Tso-lin's forces captured and disarmed most of the units in Wu Pei-fu's First and Second Armies, and the Manchurian warlord then came in person to Tientsin to fulfil his project of reinstating Tuan Chi-jui as Chief Executive. Sun Yat-sen, who had announced his intention of forming a Punitive Expedition against Wu Pei-fu, was invited to come North, and found the atmosphere of Canton so unhealthy at the moment that he responded with alacrity, proceeding to Tientsin via Japan. Feng Yu-hsiang also came to Tientsin to confer with the Manchurian warlord, and they both proceeded to the capital after Tuan Chi-jui had been persuaded to accept office at their hands.

While Chang Tso-lin was on his way to Tientsin the "Christian General" effected another *coup*, ejecting the young Emperor from his palace, and isolating him at his father's residence. At the same time a Palace Inventorying Commission was appointed, ostensibly to

decide which of the Imperial treasures were the Emperor's private property and which belonged to the State. The Emperor refused to appoint a representative to this Commission, which, it was generally supposed, was formed for the purpose of raising funds on the palace treasures, and he has since repudiated the revised terms of "favourable treatment" which he was coerced into signing when ejected from his palace.

Tuan Chi-jui, on accepting office as Provisional Chief Executive, formed a so-called Rehabilitation Conference, which was in session for several months, but achieved nothing constructive. On the orders of Sun Yat-sen, most of the Kuomintang nominees to this Conference refused to attend.

The civil war of 1924 left power in the North divided between Chang Tso-lin and the "Christian General" and his supporters, between whom a conflict is by many regarded as inevitable. In the Yangtze Valley Wu Pei-fu still has a large and powerful following, though his allies have temporized for the time being, in order to avoid an immediate trial of strength. At the moment of writing Chang Tso-lin controls the Manchurian provinces, Chihli, Shantung, and Kiangsu.¹ The "Christian General" has removed his headquarters from Peking to Kalgan, and claims the allegiance of the militarists in control of Honan,

¹Since this was written, Sun Chuan-fang, the Chekiang Tuchun, has invaded Kiangsu and occupied Shanghai, Soochow and Nanking. The Manchurian forces have withdrawn across the Yangtze.

Shensi, and Kansu. The strength of the respective armies is :

The Manchurian Army, under Chang Tso-lin . . .	273,000
The " People's Army," under Feng Yu-hsiang, together with the Armies of Yueh Wei-chun and Sun Yueh	215,000

It is believed, however, that fully half of Yueh Wei-chun's force of 100,000 would go over to Wu Pei-fu were he again to take the field.

To avoid confusing the reader little has been said of events in South China since the Southerners refused to recognize the authority of the Peking Government in 1917. After Chang Hsun's monarchical *coup* Kwangtung and Kwangsi were for some time under the control of a clique of Kwangsi militarists of whom Mo Jung-hsin was the chief. This faction was expelled in 1920 by a Cantonese Army led by Chen Chiung-ming, and, following his victory, Sun Yat-sen returned to Canton in 1921 to form a new Southern Government. The rump of the old Parliament followed him thither, and in April 1921 elected him " President " of the Chinese Republic. Sun Yat-sen, however, soon lost his hold upon the province, whence he was expelled in the summer of 1922 by his former ally, Chen Chiung-ming, escaping from his enemies on a British gunboat.

He again took up his residence in Shanghai, remaining there until February 1923, when Chen

Chiung-ming was overthrown and Dr. Sun once more proceeded South. It was during this, his last period in power, that he allied himself with the Bolsheviki, with whom, alone among foreigners, he retained the most intimate relations until the day of his death. More will be said about conditions in Canton, during, and subsequent to, Sun Yat-sen's last term in power in another chapter.

A brief reference must be made to conditions in those provinces which have not been specifically mentioned in this brief review. With the exception of Shansi, which has flourished under the wise administration of Yen Hsi-shan, known as the "Model Tuchun," not a single province in China has escaped civil war. There has hardly been a week since the establishment of the Republic when one or more provinces have not been involved in hostilities. And to the miseries of civil strife must be added the sufferings from floods, droughts, and the famines which they and military operations have left in their train.

CHAPTER IV

THE PRESENT CRISIS

THE causes of the recent disturbances in China are complex, and need consideration in some detail. The actual spark which caused the blaze was a conflict between the municipal police and a student demonstration, in one of the main thoroughfares of Shanghai, on May 30, 1925. But the real significance of the wave of anti-foreign (and especially anti-British) feeling which spread throughout China after the Shanghai incident can only be appreciated by recalling the events of the past few years, which resulted in the accumulation of so much inflammatory material. The recent disturbances were due to a variety of causes, among which I consider the following to be the most significant :

1. The growing national self-consciousness caused by the world-war, China's participation therein, the defeat of the Central Powers, and the Russian Revolution.

2. The widespread discontent aroused by thirteen years of misrule and militarist oppression.

3. The unchecked insubordination and lawlessness of the student class.

4. The unscrupulous exploitation of these factors by Soviet agents, in co-operation with China's political extremists.

I shall deal, in turn, with each of these factors, and endeavour to show how they converged to produce the recent upheaval.

When China was prevailed upon to declare war against the Central Powers she was promised that the Allied Governments would "do all that rests with them to ensure that China shall enjoy, in her international relations, the position and regard due to a great country." Her delegates at Versailles, therefore, submitted to the Peace Conference a lengthy memorandum, pressing for the abolition of Extra-territoriality, the relinquishment of Foreign Concessions and Settlements and Leased Territories, the withdrawal of Foreign Garrisons and Police, the closing of Foreign Post Offices, and complete Tariff autonomy.

The situation in China in 1919 hardly warranted serious consideration of these demands, even if the Peace Conference had had time—which it had not—to discuss them in detail, and it was not until the assembling of the Washington Conference, in November 1922, that China secured an opportunity of bringing them up for serious consideration before an international body.

When the Washington Conference assembled, China was still disunited, most of her provinces were the

prey of rival militarists, and there could be no serious pretence that she possessed a government capable of fulfilling any obligations into which her delegates might enter. Even her most sympathetic friends felt that conditions did not warrant the unconditional relinquishment of those rights and privileges which had been imposed for the purpose of safeguarding trade, and the persons and property of foreigners in Chinese territory. It was agreed to withdraw the Foreign Post Offices—the Chinese Postal Service, which is under the control of a French Co-Director-General, having proved its fitness to fulfil the functions hitherto undertaken by the Foreign Postal Agencies. The Conference dealt with the Tariff question by agreeing to the convening, within three months after the coming into force of the treaty dealing with this question, of a Special Conference, to deal with the whole problem. The assembling of this conference has been prevented by the refusal of France, until 1925, to ratify the Washington Treaty, this being her method of retaliating for what she claimed was China's bad faith in connexion with the resumption of Boxer Indemnity payments.

The question of Extraterritoriality was to be dealt with by a Commission of International Jurists, which should have met shortly after the conclusion of the Washington Conference. As China was then engaged in one of her periodical civil wars, she requested a

postponement of the meeting of this Commission, and, though it has been stated that she has since requested the Powers concerned to nominate their representatives, it would have been waste of energy and money to have attempted to undertake the investigations provided for while a great part of China repudiated the authority of Peking, and the Central Government was unable to compel any province at all to fulfil its treaty obligations. The delay in summoning the Tariff Conference, and in convening the meeting of International Jurists, has, however, been exploited as an act of bad faith on the part of the Powers participating in the Washington Conference.

The reader must be referred to the last chapter for details of the misrule and militarist oppression from which China has suffered during the past thirteen years.

Student interference in politics began before Russian propaganda had become a serious factor in the Far East. Its first important manifestation occurred in connexion with the Versailles Conference, when the anti-Japanese feelings of the nation found vent in student demonstrations throughout the country, but notably in Peking, where the demonstrators attacked the residences of certain notoriously pro-Japanese officials, put them to flight, and caused them so much loss of face that they refused to remain in office. Encouraged by their initial success, the students then undertook the organization of a national boycott of

the Japanese, and went to extremes in connexion therewith, which would not have been tolerated by any self-respecting Government. They issued orders that no more goods of Japanese manufacture were to be handled by Chinese traders, and in many cities formed committees of inspection which made periodical visits to the shops to ascertain whether Japanese goods were on sale. When they were, the shop was usually raided, the goods were confiscated or publicly burnt, and in many instances the offending merchant was fined by the Students' Union, while in some cases he was arrested, ignominiously paraded through the main streets, and detained for some time at the student headquarters.

The Chinese officials tolerated these outrages, and only interfered with the students when the latter attempted to force their way into official offices or yamens. Then they were met with rifles or cold steel, and numerous arrests were made. The immunity enjoyed by the students soon affected the *moral* and discipline of all Chinese, and many missionary, educational institutions. Students of all ages, and both sexes, stayed away from classes to participate in political demonstrations whenever they fancied. They not only intimidated the merchant class in large cities, but assumed the right of dictating to their professors and teachers, driving out of office those who attempted to maintain strict discipline or a recognized standard in the examinations. A few recent instances

of student activities and insubordination may be given here.

Early in 1925 the Students' Union at Foochow, which seems to have been controlled by, at most, a dozen agitators, decided to prohibit the importation of foreign herrings. For some reason or other American and Canadian herrings are very much in demand in this city of 750,000, but, under the pretext that it was impossible to distinguish between herrings of American and Japanese origin, the entire trade in imported fish was prohibited by the students. The local fish-dealers showed some reluctance to comply with this impudent order, so on February 11 of this year the students raided the fish-shops in the main streets, destroyed a quantity of imported fish, and stabbed no fewer than five of the dealers. Four of the ringleaders were eventually arrested, but, as far as is known, were not punished for this outrage. Protests, against the interference with their trade, by the American and British authorities led to an extension of student activities. A so-called "Iron and Blood Band" was formed, which declared war against Christian educational institutions, and especially against the Anglo-Chinese College. By the intimidation of the students or their parents, half of the pupils were prevented from returning to this college.

It has been customary, of recent years, for the student organizations to observe May 7, the anniversary

of the presentation of the Japanese ultimatum demanding acceptance of certain of the Twenty-one Demands in 1915, as a "National Humiliation Day," which they celebrate by processions and street demonstrations, anti-Japanese speeches, etc. This year the new Minister of Education took the view that Chinese boys and girls would be better employed in pursuing their usual studies than participating in anti-Japanese demonstrations, and issued orders that there was to be no holiday on May 7. A number of students ignored this order, and proceeded to the Ministry of Education to demonstrate against its author. He was not at the Ministry, so they proceeded to his private residence, forcing an entry and destroying all the furniture and private property of the Minister.

The police tardily interfered, and there was a scuffle, in the course of which one or two of the students sustained slight injuries. Thereupon, reinforced by students from many additional institutions, including several Christian colleges, daily demonstrations were started against the Minister of Education and the Superintendent of Police, whose executions were demanded. The Minister of Education desired the students to be dealt with firmly; but the police authorities entered into negotiations with their representatives, as a result of which it was announced that the police would express regret for injuring the students and consider the question of compensating those who

had been injured, while the students would express regret for damaging the property of the Minister of Education. It is not surprising that the Minister of Education should then have tendered his resignation.

About the same time there was considerable trouble in several Peking educational institutions. At the Girls' Higher Normal School the Principal, an American-educated Chinese named Miss Yang, authorized a demonstration in the school auditorium, at which a number of radical speakers were invited to be present, on May 7. When she rose to open the meeting she was howled down by the students, who subsequently demanded her resignation for her action in expelling the ringleaders in this demonstration. The students took control of the institution, locked up the offices of the Principal and Secretary, and posted "sentries" at the entrance to the school to prevent Miss Yang's return. Quite recently it has been found necessary forcibly to close the school.

What occurred at the Russian Language School, run under the auspices of the Chinese Ministry for Foreign Affairs, is another example of student insubordination. The students of this school decided to rid themselves of their Principal, to whom they had taken a dislike on the ground that he had not sufficient political influence to get them good posts after graduation. The Chinese Foreign Office thereupon appointed a Mr. Fu Shih-yang as Principal, and he closed the school for

ten days while arranging for its reorganization. When the students returned they found that, with the approval of the Ministry for Foreign Affairs, he had drafted a series of regulations which, among other things, prohibited participation in political demonstrations by the students. He was promptly driven off the school premises by the infuriated students, who proceeded to the Waichiaopu in a body to demand his dismissal.

One might multiply instances of this kind, but enough has been written to show the lawless spirit prevailing in Chinese educational circles. It is to be regretted, moreover, that many missionary institutions, instead of making a firm stand against lack of discipline, and political agitation, have tolerated, if they have not actually condoned, these undesirable student activities.

Let us turn now to a brief narrative of recent Bolshevik activities in China. Although Moscow had attempted to resume diplomatic relations with China as far back as March 1919, in a declaration bearing Karahan's signature, and declaring that "the Soviet Government returns to the Chinese people, without demanding any kind of compensation, the Chinese Eastern Railway," it was not until the arrival in China, in August 1922, of Adolph Abramovitch Joffe who had been Soviet Envoy at Berlin until expelled for his share in the Spartacist outbreak, that negotiations between Peking and Moscow were opened.

Joffe immediately got into touch with the Chinese educationalists on his arrival in Peking, and, at a series of banquets at which he was host or principal guest, attacked the other Powers as aggressive, imperialistic and capitalistic.

The Chancellor of the National University, at a banquet in Joffe's honour, thought fit to state that "Russia furnished a good example to China, which thinks it advisable to learn the lessons of the Russian Revolution, which started as a political movement, but later assumed the nature of a social revolution." Joffe failed to bring about the formal resumption of diplomatic relations between Moscow and Peking, largely because he went back upon Karahan's previous pledge to restore the Chinese Eastern Railway unconditionally to China. Early in 1923 he left Peking for Japan, via Shanghai. At Shanghai he had long conferences with Sun Yat-sen, who was then a political refugee in the French Concession. These resulted in a joint declaration, which professed an identity of views between the two men, who even agreed that "the Communist order, or even the Soviet system, cannot actually be introduced into China because there do not exist here the conditions for the successful establishment of either Communism or Sovietism."

Joffe was superseded in August 1923 by Karahan himself, who, after an unsuccessful attempt to conclude

an agreement with Chang Tso-lin at Mukden, reached Peking on September 2. Karahan's aim was alleged to be a Russo-Chinese alliance to prevent Japan from absorbing Manchuria and to enable China to fight against "foreign imperialism." At the series of banquets arranged in his honour he represented Russia as China's only disinterested friend, advocated the repudiation of the so-called "unequal treaties," and incessantly and violently attacked America, Great Britain, and all the other Treaty Powers.

His negotiations with the Peking Government did not go so smoothly as he had hoped, owing, chiefly, to the repudiation of his 1919 declaration, and to his attempt to secure unconditional recognition of the Moscow Government, previous to any settlement of outstanding questions between China and Russia. He thereupon endeavoured to bring pressure upon the Peking Government by making a direct proposal to the heads of the eight Government educational institutions to utilize the Russian share of the Boxer Indemnity solely for educational purposes, pretending that the Chinese Government wished to utilize the revenue thus released for administrative purposes.

Negotiations, however, proceeded, and an agreement was actually initialled by Karahan and Dr. C. T. Wang on March 14, 1924, which the Chinese Government immediately disavowed on the ground that it did not contain sufficiently definite assurances regarding the

withdrawal of Soviet troops from Outer Mongolia. Karahan attempted to enforce the acceptance of this agreement by a three-day ultimatum, which was ignored. Simultaneously, through his emissary, Borodin, at Canton he brought his own version of the rupture of negotiations to the notice of Sun Yat-sen, and sought his approval of Russian action.

Dr. C. T. Wang then dropped out of the negotiations, which were taken up between Karahan and the Chinese Minister for Foreign Affairs, resulting in the signature of two agreements, and a number of declarations, on May 31, 1924. The conclusion of these negotiations was made the occasion for a series of anti-foreign speeches by the Russian Envoy, who was shortly afterwards appointed Ambassador at Peking. He promised that the Soviet Government would "fight for a further development of our relations, and the national liberation of the people of China, which must become as free as the Russian people." He urged his audiences of Chinese diplomats, professors, and students "to take by force from all the imperialistic Powers" what the Soviet Government "gave you of its own free will." He gloated over the coming "bloody struggle for national freedom and liberation from imperialism," in which he promised China Russia's support. He attributed China's woes and misfortunes to "the treaties which exist between China and the imperialistic foreign Powers." In fact, he lost no

opportunity, from that day onward, of inciting those Chinese with whom he came into contact against other nations.

A typical example of Bolshevik incitement occurred in connexion with what would otherwise have been a trifling incident which happened in Peking. The Legation quarter in Peking is a fortified area—surrounded, on the north, east, and west, by loopholed walls and a glacis, and, on the south, by a section of the main city-wall—from which Chinese are excluded. On April 10, 1924, the Legation quarter police found a Chinese soldier, belonging to the bodyguard of the Minister of War, loitering on the Legation section of the wall, warned him that it was against the regulations, and requested him to come to the Legation quarter police-station. On arrival there he was further cautioned, and would have been released without any further fuss had he not announced his intention of returning to the wall as soon as he was liberated. He was therefore sent to the nearest Chinese police-station, with a note explaining the circumstances. A letter was received from his superior officer a day or two later apologizing for his misconduct, and stating that he had been punished by four hundred blows, and confinement to barracks for several weeks. There is no reason to suppose that the man actually received the four hundred blows, which would have constituted an illegal punishment.

Three days later the soldier reappeared in the streets of Peking, and assaulted, in rapid succession, an American, an Italian, and a British subject. The American and the Italian were attacked without any provocation, in one of the main thoroughfares of the capital, in view of the police, who seldom dare to interfere with a soldier. The man then mounted the wall again, and made a savage attack upon a British subject who was walking there. He was eventually overpowered, bound, and taken back to the Legation police-station, the Chinese authorities again being notified of what had occurred. On this occasion the demented soldier became a national hero. The wildest stories regarding his treatment appeared in the Chinese Press, a section of which actually demanded that the British subject who had been assaulted should be tried for defending himself, and that the British Minister should be recalled.

Meetings, which there was good reason to suppose were instigated by the Russian Embassy, were held at which protests against the maltreatment of the soldier, and demands for the punishment of the British Minister, were also voiced. But it remained for Trotzky to complete the hero-making process. Although, as I have explained, the Legation police on neither occasion did more than arrest and temporarily detain a law-breaker, Trotzky, in Moscow, devoted a great part of his May Day speech to extolling the

heroism of the soldier, to telling him "loudly, in the name of us all," that "the proletariat of Moscow is heart and soul with you." "The brotherhood of nations is no vain principle for us," added Trotzky, who appears to have been loudly applauded for his championship of a crazy coolie who had deliberately attacked three strangers for no other reason than that they were foreigners.

The members of the Provisional Government, which was brought into being by Feng Yu-hsiang's treachery in October 1924, and was responsible for the Palace *coup*, which, in the opinion of many leading Chinese, was a gross violation of China's most solemn national obligations, were lavishly entertained by Karahan on November 8, 1924, and advised that China's treaties "should not only be revised ; they should be torn asunder, abolished, because they strangle China, and because China cannot live under them."

The Soviet have, indeed, lost no opportunity of pushing their campaign to foment anti-foreign feeling in China, and for some time past have exercised complete sway over Canton. I have already referred to the conference between Sun Yat-sen and Joffe in Shanghai in January 1923. When Dr. Sun returned to Canton to reorganize the Southern Government, later in 1923, he came completely under Bolshevik influence. He did not, on this occasion, return to Canton even with the pretence that he was wanted by the Cantonese, but imposed

his rule upon them by the employment of mercenary troops from Yunnan and Hunan, who were given the right of exploiting gambling, brothel, and opium monopolies to raise the funds for their maintenance. Dr. Sun allied himself with the Kuomintang extremists.

A reference to the British Consular Report on Labour Conditions in Canton dated October 16, 1924, will show that in that city there sprang up "many students' and labour organizations, which are in every case affiliated with the extreme wing of the Kuomintang, and among whom Bolshevik and anti-foreign propaganda has been widely disseminated. Some are members of the Communist party of China." The avowed object of these student and labour organizations was "to work for the overthrow of imperialism and militarism, and all opposed to the principles of the Kuomintang." A Canton correspondent of the *China Weekly Review*, an American weekly published in Shanghai, wrote, early in 1924 :

Perhaps Sun really believes that he is the embodiment of the democratic spirit. The fact is that he is quite the reverse. He is a glutton for the enforcement of his ideas, and his ideas alone. To this end he not only martyrizs millions of Chinese, but himself as well. His own sacrifices tend to blind him to his selfish obsession and his colossal conceit. . . . A Cantonese, formerly a supporter of Sun Yat-sen, tells us of his present disgust with the Southern leader. Sun is just now flirting with Bolshevik principles, chiefly with the hope of getting financial support from the Soviet Government.

Under Sun Yat-sen's regime, Borodin, the Soviet

emissary, and his Bolshevik colleagues became all-powerful. The plight of the merchant classes in Canton became intolerable. They had to submit to the exactions of Dr. Sun's mercenaries. Taxes were multiplied ; and confiscations of property, and forced levies, for the support of the Bolshevik Government in Canton and its fantastic military ventures, were the order of the day. Dr. Sun deliberately fomented class hostility by lending his influence and support to the student and labour organizations, and sanctioning the enrolment of a Red Army for the purpose of keeping the merchants in subjection. Foiled in his attempt to secure additional revenues by seizing the Canton Customs—which resulted in an international naval demonstration—he became more and more violent in his denunciation of what he described as Western imperialism.

The Cantonese merchants, in self-defence, organized a volunteer organization throughout the province, and after considerable difficulty secured permission from Dr. Sun to import arms and equipment for these units. After the arms had been paid for and imported they were confiscated by Dr. Sun's orders, and a number of them distributed to his Red troops. The Merchant Volunteers came into collision with the latter, and struck as a protest against Dr. Sun's tyranny and bad faith, upon which he ordered their ruthless suppression. The Reds were turned loose upon the business quarter

of the city, and slaughtered hundreds of merchants, and burnt and pillaged scores of business premises.

The only foreigners for whom Dr. Sun now had any real use were Soviet Russians. They participated in the political conferences of the Kuomintang. They were entrusted with the training of military cadets at the Whampoa Academy. The arrival of a Soviet sloop from Vladivostock was made the occasion of elaborate celebrations. So, also, was the anniversary of the Russian Revolution. During the celebrations of the latter Dr. Sun hailed Soviet Russia as China's only friend, and mass meetings were held at which resolutions were adopted denouncing the "aggression of the imperialist Powers" and the "Fascist rebellion of the Merchants' Volunteer Corps in Canton."

When invited north to participate in the conference organized by the victors in the civil war of October and November 1924, Sun Yat-sen issued a manifesto denouncing Extraterritoriality and the unequal treaties, and demanding the restoration of the very foreign concessions in which he had so frequently sought asylum during his periods of eclipse. Borodin, the Soviet emissary at Canton, followed in his train. Dr. Sun made the journey to Tientsin via Shanghai and Japan, giving out numerous statements *en route*, in which he vented his spleen upon the British—to whom he had twice owed his life. At Moji he told an interviewer that "China is ruined, and it is England that has

done it. . . . England holds herself under no manner of obligations towards China, in spite of the fact that she enjoys all kinds of rights and privileges in that country. England is sapping the best of it by allowing America and thirteen other countries to share in those rights." He arrived in Tientsin a sick man, and was unable for some weeks to proceed to Peking. When he did so, the local military and police authorities, who were under the "Christian General's" control, prohibited any criticism of him in the Press. During his stay in Peking his only conspicuous callers were Karahan, the Soviet Ambassador, Borodin, and the Bolshevik elements of the Kuomintang.

Sun Yat-sen died on March 12, 1925. A few days previous to his death he was removed from the Rockefeller Institute, where he was being treated, to a private residence where the Kuomintang extremists had him completely under their control—the hospital authorities having prohibited the use of their premises as a political headquarters. Immediately after his death what purported to be his dying message was published. It was addressed to the Central Executive Committee of the Soviet Republic, and in it he "enjoined the Kuomintang to carry on the work of the national revolutionary movement in order that China may be freed from the semi-colonial status which imperialism has imposed upon her. To this end I have charged the Party to keep in constant touch with you,

and I look with confidence to the continuance of the support that your Government has heretofore extended to my country." He also expressed a wish to be embalmed, "like my friend Lenin."

The question will naturally be asked to what extent the Soviet have actually interfered in China's domestic politics, financially and otherwise. It is difficult to adduce proofs of the extent of such interference. But there is ample evidence that it has attained very serious dimensions. It is known beyond all doubt that large consignments of arms have been dispatched from Kiachta, via Urga, to the "Christian General," the motor transportation service between Urga and Kalagan having been monopolized for weeks on end for this purpose. Russian Bolsheviks for months past have been in complete control at Canton. And wherever Bolshevik influence has been at work venomous anti-British activities have resulted.

The subservience of the Kuomintang to Bolshevism is testified to by several prominent Chinese who have been in the inner council of that Party. On December 12, 1924, in an address at the Fuh Tan University at Shanghai, Dr. Ma Soo, who for many years was Sun Yat-sen's personal representative in the United States, and one of his most trusted agents, declared that since his return to China "he had become aware of the communistic propaganda which the Soviet has been

and is spreading in this country, and as a result he felt it incumbent upon himself to warn the students of the dangers which lurk in the new and strange doctrines and 'isms' of Moscow. The worst phase of Soviet propaganda in China is the use of Russian gold for the accomplishment of its purpose. I have positive proof of the use of Soviet money in the Chinese schools both among the students and teachers, and, probably worse to relate, I also have proof of its being used to influence the Chinese Press. I know of one newspaper in Central China which turned from yellow to pink, and from pink to red, within a few weeks, and the reason was that the editor had been brought under the influence of gold supplied from Moscow."

More recently (in August 1925) Dr. Ma Soo had this to say about conditions in Canton: "The Canton Government, so called, is virtually a Soviet Government. Everything is in the hands of the Soviet agents. Mr. Borodin, the well-known Soviet arch-plotter in Canton, is engaged as the Adviser to the Government and to the Chief Executive Committee of the Kuomintang Party. The high officials of Canton can do nothing without his knowledge and permission, and anything and everything that is done by the Government, especially in matters of foreign relations, is done under the direction of the Soviet Adviser. Mr. Kalin is reorganizing the Canton army, and is in control of the Whampoa Academy, where the Chinese cadets taking such a

prominent part in the present agitations against the British in connection with the Shameen case are trained under his personal direction. Another Soviet agent, Admiral Semenoff, is in charge of the Naval Department of the Canton Government.

“The monthly expenses of the Canton Government are supplied by the Soviet agents. For the Central Executive Committee of the Kuomintang Party Mr. Borodin allows a sum of \$45,000. This is the amount which was duly authorized by the Soviet authorities in Moscow, after Borodin’s recommendation. This is a patent fact. There might be many other kinds of subsidies which the Canton Government authorities receive from the Soviet agents, but which have not become known to the outside. A sum of no less than \$2,700,000 has been spent by the Soviet agents in Canton for propaganda purposes, and they are prepared to spend a considerable amount more. It is true that the Government at Moscow did not transfer any funds to China. The funds used by the Soviet agents in China are derived from the proceeds of sales of Russian products in the last few years. Some three million dollars’ worth of furs were sold in China two or three years ago. The entire proceeds have been used by the Soviet agents for the nefarious activities in which they have been engaged in China. Recently the sale of Russian gasoline has brought large proceeds to the Soviet agents. They have, therefore, an unlimited supply of funds, although

it is not known that any huge amount of money has been transmitted here from Moscow."

On January 3, 1925, another Chinese who used to be prominent in Kuomintang circles, Feng Shih-yu, told an interviewer that :

" The so-called Chinese Communists are in a decided minority, although well organized as compared with other parties. They are principally drawn from the ranks of students, university professors, and disgruntled politicians, and their principal object is to obtain money from the Russians. I have no knowledge of the exact amount which the Bolsheviki spend annually on propaganda work in this country, but it must be a tremendously large one, as in Canton alone they have already spent \$2,000,000. Most of this has gone into the pockets of the leaders, with the result that those who profess themselves Communists all have fine motors and palatial residences."

In addition to this evidence we have the fact that ever since the arrival of the first Soviet Envoy Moscow has maintained an elaborate propaganda department in Peking, which daily issues sheets of propaganda material in Chinese, English, and Russian. Finally, it must be considered significant that it is to Karahan, not to the Peking Government, that the present rulers of Canton address their protests against the alleged aggressions of the Treaty Powers.

I turn now to the Shanghai incident. Shanghai is

one of the original Treaty Ports. It was opened to foreign residence and trade by the Anglo-Chinese Treaty of 1842, and has since developed into the commercial and industrial metropolis of China. The heart of Shanghai is the International Settlement, formed of the areas originally used for residence and trade by the early British and American residents, with certain extensions which have since been granted. It was not originally intended that Chinese, other than foreigners' employés, should reside in this area. They were first admitted, in the interests of humanity, when the native city was occupied by rebels in the middle of the nineteenth century. Since then the population of the International Settlement has increased from a few hundreds to about 800,000, of whom all but about 30,000 are Chinese. Shanghai has owed its prosperity mainly to the fact that the International Settlement has been under foreign municipal control. The Shanghai municipality was the first body to introduce macadamized streets, a modern police force, public lighting, and an up-to-date health department, on Chinese soil. It has even protected itself against disorders within, or attacks from without, by the maintenance of a well-equipped Volunteer Force, in which for some years there has been a Chinese unit. But the Chinese population has not, up to the present, had any direct voice in municipal affairs. This, on the face of it, may seem inequitable, as the bulk of the taxes

come from Chinese ratepayers. But it should be emphasized in this connexion :

1. That there is not a single Chinese city in which the control of municipal affairs is actually vested in the ratepayers and their representatives ;

2. That conditions in China in the past, and especially since the establishment of the Republic, have been such that the grant of the franchise to Chinese could hardly have failed to bring Shanghai into the vortex of domestic politics and military strife, thus converting what has developed into a prosperous commercial city into a centre of unrest and political or military disturbance.

It is necessary to mention these facts in order that the reader may appreciate the real significance of the events of May 30, 1925.

Early in the year there was a series of strikes at the Japanese cotton mills in Shanghai, of which there are thirty-one in all, operating upwards of 800,000 spindles. The origin of this strike was extremely suspicious. In the first place it is the general rule that where Chinese and foreign factories are working in the same neighbourhood the foreign employer has to pay higher wages than his Chinese competitor. Secondly, trades unions in China are to this day illegal, as also are strikes. When the Peking-Hankow Railway employ  s attempted to strike a few years ago their spokesman was arrested and summarily shot, and a number of striking engine

drivers were massacred. Thirdly, the mills in which the strike originated, and in which most violence occurred, were those operated by the Nagai Wata Kaisaha, whose manager, Mr. Okada, has the reputation of being one of the most enlightened and progressive employers of labour in Shanghai. He has devoted much of his energy to the improvement of the conditions of the workers, and was, I believe, the first foreign employer to start schools for the children of his workers, and to furnish them with free dispensaries and other benefits. He was, moreover, a member of the Shanghai Child Labour Commission, and a signatory of its report, which made constructive proposals for the gradual elimination of child-labour from the Shanghai factories. The strikers, who appear to have been led by outside agitators, including a number of students, did considerable damage at some of the company's mills, and followed up their rioting with a number of demands, which included increases of wages, the reinstatement of workers who had been dismissed for insubordination, and the cessation of personal violence on the part of Japanese foremen. Eventually the strike was settled without the concession of any of their demands, save an undertaking against ill-treatment. It was not admitted that this alleged grievance was well founded.

There was no further trouble until the middle of May, when serious disturbances occurred at another Japanese mill in Shanghai. The workers made an

attack upon the mill, broke through the police cordon surrounding it, and proceeded to wreck the property. During the *mêlée* one of the Japanese employés fired, and, it is alleged, killed one of the workers. The students seized upon this incident to organize anti-Japanese demonstrations, and, in defiance of the Settlement Regulations, which prohibit political demonstrations or street processions of any kind without written authority, paraded through the main streets of the Settlement on May 30, making anti-Japanese speeches and obstructing traffic. The police (which in Shanghai consist chiefly of British, Indian, and Chinese constables) unsuccessfully attempted to compel the demonstrators to disperse, and made a number of arrests. They were followed to the Louza police-station by an angry mob, which, it is alleged, with shouts of "Kill the foreigners," attacked the station. The inspector in charge thereupon gave orders to fire, with the result that a number of the demonstrators were killed and wounded. Whether the situation was grave enough to justify recourse to firearms has yet to be decided. The students were obviously at fault in the first place in violating the Settlement Regulations, and it is conceivable that the whole city might have been in turmoil had they not been drastically dealt with outside the police-station, for there are thousands of lawless elements in Shanghai—the scourings of the armies which have been fighting

around the city—who would need little incentive to engage in looting and incendiarism, once the authorities lost control. Other disturbances took place during the next week, the total Chinese casualties being reported as 21 killed and 65 wounded.

The student and Bolshevik elements throughout the country then exploited the incident for purposes of anti-foreign, and especially anti-British, propaganda. The Chinese merchants, willingly or unwillingly, were induced to participate in an anti-British boycott, the pretext being that the Shanghai Municipal Police were under British control, although, in fact, the Municipal Council contains British, American, and Japanese members, and, for the moment, an American Chairman. The anti-foreign elements were supported by the Peking Government—which probably recognized this as an opportunity of diverting attention from its own shortcomings and incompetence—by the Bolshevik and student agitators—Russian and Chinese—throughout the country, and, last but not least, by the “Christian General,” who seems to have outdistanced everyone else in the violence of his anti-British denunciations. Karahan, of course, played his part in fanning the flames by addressing to the Chinese Government a note voicing the “feeling of profound grief” with which he had learnt of “the shooting of several tens of Chinese workers and students at Shanghai.”

The Diplomatic body attempted to deal with the incident by appointing a commission, composed of junior members of the Legation staffs, to proceed to Shanghai to investigate, and to meet a Chinese commission which had been appointed for the same purpose. None of the members of the international commission had any judicial experience, and they do not appear to have called for or to have heard any reliable evidence regarding the disturbances.

The Chinese commissioners refused to deal with the Shanghai trouble as an isolated incident, and immediately put forward demands which would have involved a wholesale revision of the treaties. With such demands the junior diplomatic officials were unable to comply; matters reached a deadlock; and they returned to Peking, where negotiations were resumed between the foreign Ministers and the Central Government. In the meantime the spark kindled in Shanghai had started a blaze all over the country. There were riots, and attacks on foreigners, foreign concessions, and foreign property, in many of the Yangtze and coastal ports, including Nanking, Kiukiang, Hankow, Chungking, and Canton. The report submitted by the Diplomatic commission recommended the censure of the Chairman of the Shanghai Municipal Council (an American), the dismissal of the Captain Superintendent of Police (a Briton), and the punishment of the British inspector who gave the order to fire.

It was generally considered in foreign circles in Shanghai as an ill-advised and unwarranted surrender to the Chinese extremists ; and the Council practically defied the Legations, maintaining—quite correctly—that it was elected by the foreign ratepayers and not under the direct control of the Diplomatic body. The latest development has been the appointment of a Commission of Foreign Jurists to investigate and report upon the whole matter, in which Chinese participation has been invited—and rejected.

This—or a public inquiry by the municipality—is the action which ought to have been adopted at the outset. The Shanghai incident has been shockingly mismanaged by the foreign Legations and their Governments, largely, it is to be feared, owing to international jealousies. Several Powers with minor interests in China are notoriously jealous of British influence in that country, and welcome any opportunity to embarrass and humiliate the British Government. And the Bolsheviki, of course, have exploited to the full the differences of the Great Powers and the discontents of the Chinese.

The riots which followed the Shanghai incident cannot here be dealt with in detail. It need only be said that in every subsequent disturbance in which there was violence the responsibility rested upon the Chinese, who, nevertheless, shamelessly misrepresented what had occurred, and pretended that every incident

was another example of foreign aggression. In this campaign of brazen mendacity China's extremists have been fortified by the activities and propaganda of the Soviet, and by the ill-considered, and ignorant, or deliberate, misrepresentations of the actual facts by certain British labour organizations. The conduct of many of the missionaries in China has also been open to criticism. Irreparable harm, for instance, might well have been done by the appearance, over the signature of responsible foreign professors of the Canton Christian College, of a statement attributing the disturbances at Canton on June 23 to provocative firing on the part of the foreign guards in the foreign Concessions at Shameen. Subsequent retraction of this mischievous and lying statement could not undo the harm caused by its original publication.

CHAPTER V

THE CHINESE ARMY

THE Chinese Army has unquestionably been the most important factor in the chequered history of the Chinese Republic, and it may not, therefore, be inappropriate to describe the growth of China's armed forces of about half a million men (old and new formations included) in 1911 to a strength of about a million and a half at the present time. In the old days the military profession was held in universal contempt. Up to the time of the Sino-Japanese War (1895) China had made no serious attempt to equip or train an army on modern lines. Many of her soldiers were still equipped with spears and bows and arrows. The Army at that time consisted of two distinct elements : Chinese soldiery distributed among the different provinces, and the Manchu garrisons, which constituted an army of occupation, and occupied strategic positions in all but six of the provinces. After the disasters of the Sino-Japanese War Yuan Shih-kai was entrusted with the organization of a modern army. Headquarters were established at SiaoChan, near Tientsin, a number of modern rifles and guns were purchased, and the services of German instructors were obtained.

Eight thousand men were enlisted in this new formation, which followed Yuan Shih-kai to Shantung when he was appointed Governor of that province in 1899. Yuan Shih-kai, as has already been mentioned, refused to participate in the anti-foreign outbreak of 1900, and the military forces encountered by the Allied expeditionary forces consisted entirely of Chinese troops of the old type. The complete reorganization of the Army was ordered in 1901. In that year Yuan Shih-kai returned to Chihli as Viceroy, taking his troops with him; and by 1904 the new Army had been increased to six divisions of 12,000 men apiece, with headquarters at Paotingfu.

In 1905 the Throne approved of a scheme for the expansion of the Modern Army to thirty-six divisions or 360,000 troops by 1911. Yuan Shih-kai's increasing power had by this time aroused considerable jealousy, and simultaneously with the approval of the project of military expansion an edict appeared prohibiting provincial high officials from holding dual posts. He was therefore relieved of the supreme command of the Modern Army, four divisions of which were transferred to the Ministry of War. In 1911, the year of the First Revolution, the Luchun, or Modern Army, consisted of sixteen divisions and sixteen mixed brigades, or a total of about 240,000 officers and men, with 372 guns. Of these troops nine divisions and eight mixed brigades were stationed in the north, and the remainder in the

southern provinces. The military expenditure of the Central Government was estimated in that year at about \$117,000,000. This included the cost only of the modern units. In addition there were about 280,000 armed men in old-style provincial formations, including the Manchu garrisons, or a total of approximately 520,000 men under arms throughout China. Assuming that the military estimates included the cost only of the modern units—the provinces being left to maintain the old-style troops—the average cost per man per year would work out at \$325, or \$27 (£2 15s.) per month.

The Revolution resulted in an immediate increase of armed forces throughout the country. It was estimated that upwards of 800,000 men were under arms when abdication was announced, and one of the most pressing problems of the new regime was disbandment. Three million pounds of the Reorganization Loan of April 1923 were set apart for disbandment expenses, to be expended under the supervision of foreign auditors. Apparently the recruiting-offices of the provincial militarists started working overtime on learning of this windfall; and it must be assumed that what actually happened was that the troops were re-enlisted as fast as they were paid off. Certainly there was no serious decrease in the number of men under arms, and the incessant civil strife tended to increase rather than reduce the size of China's armies.

From the time of Yuan Shih-kai's death the Central Government lost entire control of the Army. The leading militarists recruited troops at their own sweet will, compelling the localities in which they were stationed to maintain them, and exploiting every conceivable source of taxation for military expenditure. Railway revenues, salt revenues, the land tax were all appropriated for this purpose, and many new and illegal taxes on commerce were imposed for the same end. Political power passed into the hands of ambitious military chieftains, who grouped and regrouped themselves into rival factions with bewildering frequency. By 1920 it was estimated that 1,370,000 men were under arms, with over 3,000 guns. The latest estimates place China's military strength at 1,404,000, divided among upwards of twenty independent armies, of which the strongest at the moment are those acknowledging the leadership of the Manchurian Tuchun (Chang Tso-lin) and the "Christian General" (Feng Yu-hsiang). These two Armies occupy all of the provinces north of the Yangtze. In Szechwan, however, there are upwards of 110,000 men under arms, owing allegiance to four or five different militarists. In Kwangtung there are about 100,000 soldiers, divided into nine or ten separate armies.

Most of China's military forces are merely armed rabble, composed of ill-disciplined coolies equipped with some form of uniform and a rifle. Only a few

militarists—such as Chang Tso-lin, Feng Yu-hsiang (and until recently Wu Pei-fu)—possess units that would offer any serious trouble to a Japanese, American or European Army. There are no standard uniforms or arms or equipment. China possesses no really modern artillery of heavy calibre, no tanks, and not more than 200 aeroplanes, most of which are in the hands of Chang Tso-lin and Feng Yu-hsiang.

The expansion of China's armed forces has resulted in the complete transfer of political power from the civil to the military officials. Even in theory the military man, from the common soldier upwards, enjoys a privileged position, inasmuch as the present Chinese laws exempt him from the jurisdiction of all but military tribunals. In actual practice the militarist is not amenable to any jurisdiction, but constitutes a law unto himself. He levies whatever taxes he thinks fit, commandeers and ruthlessly destroys state property (such as the railways and their equipment) and private property. In time of civil strife farmers and farm labourers, coolies, carts, and transport animals, motor-cars, etc., are ruthlessly impressed into military service, without the slightest prospect of compensation. The ordinary soldier, following the example of his officers, oppresses and ill-treats the civilian population wherever he is stationed. The main function of the Peking Government for years past has been to raise

funds to meet the insatiable demands of the militarists to whom it has been subject.

It would be quite impossible to calculate the cost of the Army to China during the past few years. It must have been stupendous. If we assumed that the actual cost of maintaining each soldier were only one-half of the average expense for the same purpose in 1911, the present armed forces would be costing the country \$228,000,000 per annum, or approximately as much as the total estimated national revenue in 1912. As a matter of fact, the estimated military expenditure of the Central Government alone is over \$242,000,000 and this does not, of course, include the maintenance of units over which it does not even claim control. The actual expenditure upon the upkeep of the armies moreover, is only a fraction of their cost to the nation. Losses averaging hundreds of millions of dollars per annum must have been caused by the incessant civil wars, the requisitioning, looting, or destruction of private and state property, and interference with, and levies upon, trade.

As a defence against foreign aggression, or as a means of preserving order, China's military forces are useless. They recognize no central command, they have no plan of mobilization or concentration, no standard equipment or ammunition, and among the higher ranks, few, if any, leaders with scientific military training. The Army has become a national incubus, an

instrument of terrorism, against which there is no redress. It has brought China to the verge of insolvency, and its existence frustrates every effort to reorganize her finances and administration. Militarism was one of the main factors in influencing the Washington Conference against any premature concession of China's demands for the complete restoration of her sovereignty. For at Washington the representatives of the Powers (other than China) adopted a resolution reading :

Whereas the Powers attending this conference have been deeply impressed with the severe drain on the public revenue of China through the maintenance in various parts of the country of military forces, excessive in number, and controlled by the military chiefs of the provinces without co-ordination ;

And whereas the continued maintenance of these forces appears to be mainly responsible for China's present unsettled political conditions ;

And whereas it is felt that large and prompt reductions of these forces will not only advance the cause of China's political unity and economic development, but will hasten her financial rehabilitation ;

Therefore, without any intention to interfere in the internal problems of China, but animated by the sincere desire to see China develop and maintain for herself an effective and stable government, alike in her own interest and in the general interest of trade ;

And being inspired by the spirit of this conference, whose aim is to reduce, through the limitation of armament, the enormous disbursements which manifestly constitute the greater part of the encumbrance upon enterprise and national prosperity ;

It is resolved : that this Conference express to China the earnest hope that immediate and effective steps may be taken by the Chinese Government to reduce the aforesaid military forces and expenditures,

Needless to say, the Chinese delegates at Washington expressed their hearty approval in principle of this resolution, "which coincides with the desire and determination of the Government and people of China." But since February 1, 1922, when the resolution was adopted, and the present date, it is estimated that the number of men under arms in China has increased from just over one million to nearly a million and a half.

The problem of disbandment presents well-nigh insuperable difficulties. In many of the armies the pay of the soldiers is months in arrears. To give them their back-pay alone would involve an expenditure of fully two hundred million dollars. Then there would be the additional difficulty of restoring the disbanded soldiers to civilian life. Many of the troops are little better than armed bandits. They have become accustomed to living upon the community without engaging in any useful occupation. And, unless an extensive programme of road-building and railway-construction could be arranged, and the disbanded soldiery drafted into the labour gangs required for this purpose, they would probably continue to be a menace to the nation. It is usually suggested that the expenses of disbandment should be met by a foreign loan. But past experience with the Reorganization Loan does not warrant the belief that any funds supplied by this method would result in a substantial reduction of China's armed forces. An

efficient army of three hundred to five hundred thousand men, controlled by the Central Government, and regularly paid, ought to be ample for China's requirements under normal conditions. But difficulties of communication, owing to the absence of roads or railways in large areas of the country, would render it extremely difficult to deal effectively with the lawlessness and banditry that would inevitably result from the turning loose of a million or so ex-soldiers without effective precautions to keep them employed.

Foreign nations are largely to blame for the growth of Chinese militarism. There has been a continuous sale of arms and munitions to provincial militarists, in spite of the Arms Embargo agreed to by the Governments of Great Britain, Spain, Portugal, America, Russia, Brazil, France, and Japan in April 1919. The terms of this embargo were far too vague. It did not actually prevent the export to China of arsenal machinery or aeroplanes. Since 1919 enormous quantities of arms and munitions have reached China from Germany and Central Europe, from Russia, and, it is to be feared, also from Japan. The aeroplanes sold to the Chinese Government by British concerns in 1919, under an undertaking that they would be used solely for commercial purposes, were seized by the Northern militarists at the first opportunity. Scores of aircraft have since been delivered from France and other countries, a French mail-steamer

being diverted from its usual route in the autumn of 1924—after hostilities in the North had actually begun—in order to deliver a consignment of aeroplanes to Chang Tso-lin. The latter has also installed a large arsenal in Mukden, equipped with machinery purchased from Denmark—who was not a party to the embargo ; and there all kinds of war material has been manufactured, including an improved type of Stokes' mortar designed by a British ex-Army officer. General Feng Yu-hsiang, in addition to obtaining large supplies of arms and munitions from Russia, has secured possession of a quantity of Italian artillery, in the use of which his soldiers are reported to have been instructed by Italian experts. Hardly a week passes that large consignments of rifles and automatic pistols and ammunition do not reach China, the Customs being powerless to prevent its import if the requisite documents are forthcoming. Small arms and their ammunition are manufactured in a number of arsenals under the control of provincial militarists, who are believed in some instances to have surmounted the obstacles to the importation of arsenal machinery by pretending that it was required for a mint !

Of China's Navy little need be said. The Chinese, properly trained and led, makes an excellent soldier or sailor. But the Navy, under the Republic, has undergone such vicissitudes that it may be doubted whether a single vessel is really fit for service. The

Navy has changed allegiance with bewildering frequency, and usually appears to be at the disposal of the highest bidder in any crisis. But it has ceased to be a serious factor in China's civil wars, owing to shortage of ammunition and general inefficiency. China possesses no vessel of more than 4,300 tons displacement, and the only ship of this size is an obsolete protected cruiser launched in 1897. The naval personnel numbers about 15,000, and there are probably more Admirals in China than in any other country with a "fleet" of the same size.

CHAPTER VI

FINANCE

THE National Council, which met for the first time in October 1910, prepared a Budget for 1911, which estimated the income of the Central Government at \$452,865,444, and the total national expenditure (including \$116,873,835 for the Army) at \$447,672,952, leaving a surplus of over \$5,000,000. At that time the total national debt of China, including the Boxer Indemnity, and all her railway obligations, was approximately \$1,489,988,040. This indebtedness would have been reduced by regular interest and amortization payments to \$1,130,929,020 by the beginning of 1925.

The latest Budget to be published is that prepared by the Commission for the Readjustment of Finance at the end of last year. It estimates the total revenue at \$459,960,136, and the annual national expenditure at \$566,496,260. The estimates of revenue, however, included the entire collections of Land Tax, the Salt Gabelle, Goods and Miscellaneous Taxes, Wine and Tobacco Tax, etc., only a fraction of which ever reach the Central Government. Indeed, the only revenues remitted to the Government intact are those of the

Maritime Customs. These are hypothecated for foreign and domestic obligations. Mr. Lo Wen-kan, Minister of Finance in 1922, stated that, exclusive of the Customs and Salt Revenues, which had all been earmarked for loan and other outstanding obligations, the revenue of the Central Government from January to September (inclusive) amounted only to \$2,087,105, or \$231,000 per month.

China's foreign and domestic loan obligations at the end of 1924 amounted approximately to \$2,338,760,000, or not more than \$6 (12s. to 14s.) per head of her estimated population. This includes railway loans, but not arrears of pay due to the various military units and administrative and educational officials. Judged by European standards, it is not a serious debt. Under an efficient financial administration all but the long-term debts could be wiped out in four or five years. For years past, however, the Central Government has been unable to rely upon the regular remittance of any revenues but those collected by the Maritime Customs.

The Salt Revenues—which were placed under foreign supervision after the conclusion of the Reorganization Loan, and the collection of which was estimated at about \$71,000,000 in 1911, and should have been about \$100,000,000 in 1924—actually yielded only \$70,544,000 in that year, of which \$33,466,000 were retained by the provincial authorities or military

commanders. Not a single province to-day remits the Land Tax collection to Peking. Only a small fraction of the Stamp Duty and Wine and Tobacco Taxes ever reaches the National Treasury. The *likin* collection and other taxes on trade in the interior are appropriated by the provinces. And the railways, which should yield a substantial revenue to the Chinese Government, have been virtually ruined by the militarists, who appropriate to their own use practically all the revenues they earn, other than the sums necessary for actual operating expenses.

Since 1916 the Central Government has been compelled to meet administrative expenses by loans, most of them contracted with native banks at a high rate of interest, and absorbing the estimated Salt and Customs surpluses for many years to come. Many obligations to foreign and Chinese creditors have been in default for months, if not years, and there is no prospect of being able to meet them in the near future. In one year alone—1918—loans of an entirely unproductive character to the extent of about Yen 250,000,000 (£25,000,000) were contracted with Japanese financiers.

China flung away an exceptional opportunity of reorganizing her finances during the five years following December 1, 1917, for which period the Allied Powers agreed to the suspension of Boxer Indemnity payments amounting to about \$24,000,000 per annum. This

windfall and many millions of dollars raised on long- or short-term loan from foreign and Chinese financiers have been frittered away on military expenditure, leaving the Government to-day in a state of complete insolvency. So parlous is China's financial position that the Government finds it difficult even to meet the expenses of its Consulates and Legations abroad, and at times has had to appeal to the Inspector-General of Customs for loans to enable it to meet the expenses of the Diplomatic commissions which have been formed from time to time to deal with issues which arose at the Washington Conference.

China's financial difficulties are deep-rooted, and due, not only to the reckless expenditure that has characterized the Republican Administration, but also to a number of other factors, the most important of which deserve brief mention. First of all there is the chaotic condition of the currency. Under the Manchus there were no standard coins in universal circulation. Taxes were paid and business transactions conducted in silver and copper, but until 1910, when a number of silver dollars were coined, the silver unit was the Tael, which was a weight, and not a coin. There are, even to this day, scores of different varieties of Tael in use in various parts of the country. Customs revenues are paid in the Haikwan Tael, or, rather, its equivalent in other currencies. Taxes are supposed to be paid in the Government or Kuping Tael, which

in theory is 573.9 grains of silver, 1,000 fine. Business in Shanghai is generally transacted in the Tsaoping Tael, which is 545.25 grains, 980 fine. Bar silver is weighed in Shanghai, Hongkong, and Canton by the Canton Tael, 579.85 grains, 1,000 fine.

Under the Manchus the currency of the people was the brass cash, coins with a hole in the centre, which enabled them to be strung together. Copper coins came into use early in this century, but their value fluctuated in accordance with the ratio between copper and silver. For many years previous to the introduction of copper coins silver dollars of foreign manufacture—usually Mexican dollars—had been in use at the Treaty Ports, it being impossible or inconvenient to conduct ordinary domestic and smaller business transactions in Taels or in brass or copper coins. The original intention of the Government was that one hundred copper coins should be equal to one dollar, and one copper cent equal to ten brass cash. Subsidiary silver coins (ten-cent pieces) were minted towards the end of the nineteenth century, and were intended to be token coins, exchanging for ten coppers or one hundred cash, but they, too, exchanged only for their intrinsic value. In 1910 the dollar—which was to contain silver to the value of seventy-two candareens (i.e. seventy-two per cent. of the Kuping Tael)—was adopted as the national unit of currency, and this was the unit established by the National

Coinage Law of 1914, which provided for the minting of fifty-, twenty-, and ten-cent silver coins, five-cent nickel coins, and two-cent, one-cent, five-, two-, and one-li copper coins—all to be exchangeable at their face value. It proved impossible to enforce this currency law, even the silver coins soon ceasing to represent their face value in relation to the dollar. And of late years the currency situation has become more and more confusing. The provincial militarists have used the mints under their control for the purpose of producing revenue, manufacturing enormous quantities of debased silver and copper subsidiary coinage, and even attempting to tamper with the dollar itself. The result has been that copper cents in different localities have depreciated from 137.82 to 280 to the dollar since 1918, in Tientsin, and to much the same extent in other centres. In addition to silver and copper coins, bank-notes, usually in dollar values, are in general circulation in the Treaty Ports. These are issued by foreign, as well as Chinese, banks, the foreign bank-notes, owing to their greater security, being most in favour. There have been times when even the note issues of the Chinese Government banks have been at a discount of thirty to forty per cent. owing to the unstable condition of these institutions. Another complication is the fact that a dollar-note issued in one centre does not necessarily exchange for a dollar elsewhere. Even between Peking and

Tientsin, situated but eighty miles distant from each other, there is generally a difference of one-half per cent. in note values. The complications involved in collecting national revenues in these circumstances can readily be imagined.

But an even more serious factor in China's financial troubles is the lack of any system in the handling of national revenues. Under the Manchus a Viceroy or Governor was expected to make his province self-supporting financially, and to remit certain sums annually to the Central Government. There was no clear division between revenues collected for provincial and national expenditure, and the Central Government can only have had a shadowy idea of the sums actually collected from the Land Tax, Salt, Likin, and local Taxes. Sir Robert Hart, Inspector-General of Customs, estimated that, under proper supervision, the Land Tax alone would yield \$600,000,000 per annum. The estimated yield in the 1911 Budget was less than \$75,000,000. Mr. George Jamieson, formerly of H.M. Consular Service and the Peking Syndicate, from experience of the taxes levied on the syndicate's property in Honan, estimated that from \$18,000,000 to \$42,000,000 per annum was collected in Land Tax in that province alone. Sir Robert Hart's estimate of the area under cultivation in China is generally regarded as too high, but, even allowing one-third of Chinese territory only to be

productive, it would yield, on the Honan figures, \$540,000,000 per annum, or on Sir Robert Hart's figure of 1,200 cash per acre, \$288,000,000. In practice the collection of the Land Tax has passed entirely into the hands of the militarists and provincial officials under their domination. In many provinces it has been collected in advance, and reimposed when a new militarist has occupied the area.

Likin—which will be discussed more fully in a later chapter—is another form of taxation which must produce enormous sums in the aggregate, little, if any, of which find their way into the national treasury. The Constitution promulgated in October 1923 reserved to the Central Government the Customs Duties, Salt Tax, Stamp Tax, and Wine and Tobacco Taxes, and left to the provinces the Land Tax, Title Deed Duty, and other provincial imposts. It has, however, proved impossible to enforce its provisions.

China's national debt to-day consists of :

(a) Domestic loans amounting to about \$268,000,000, most of which are secured on the Customs and Salt surplus.

(b) Foreign (secured) loans (including the Boxer Indemnity) amounting to about \$993,000,000.

(c) Unsecured foreign debts amounting to \$221,000,000.

(d) Short-term Chinese loans amounting to about \$59,000,000.

- (e) Treasury notes to the value of about \$34,000,000.
- (f) Short-term internal debts of about \$41,000,000.
- (g) Liabilities of the Ministry of Communications (chiefly railway loans) amounting to \$704,000,000 odd.

The only constructive proposal which has yet been put forward is a scheme for consolidating China's unsecured obligations, using the increased Customs revenues provided for under the Washington Treaties as the main security. This project has been prepared in detail by M. Georges Padoux, one of the Chinese Government's legal advisers. He fixes China's unsecured debts at \$775,000,000, and suggests the issue of seven per cent. consolidation bonds to this amount, redeemable within eighteen years. Not more than \$35,000,000 of the \$54,250,000 required for interest alone could, however, be expected from the Customs revenue. The main problem still is how to restore the authority of the Central Government over the provinces to a sufficient extent to ensure the regular remittance to Peking of the proceeds of the Salt, Wine, and Tobacco and Stamp Duties.

CHAPTER VII

THE CHINESE CUSTOMS AND TAXATION ON TRADE

AT a time when a violent agitation is proceeding in China for the abrogation of the so-called "unequal treaties" and for the restoration of complete tariff autonomy to the Chinese Government, it may be well to emphasize that the present Customs administration—the only fiscal agency in the country which has survived, intact, the upheavals of the past thirteen years, and accounted for every cent of revenue collected to Peking—is the creation of these very treaties. Without foreign supervision over the Customs, the immunity of its higher (foreign) officials from Chinese jurisdiction, and the definite Treaty tariff, it is certain that the whole Customs organization would have broken down, if not at the time of the First Revolution, within a year or two of the establishment of the Republic.

To understand the present status of the Chinese Maritime Customs it is necessary to sketch as briefly as possible, the circumstances which led to the drawing up of a Treaty tariff, and the supervision of the collection of Customs revenues by a foreign Inspector-General.

In the pre-Treaty days foreign trade was restricted

to Canton. The Manchu official appointed by the Emperor to superintend the collection of Customs and port dues, was expected to remit approximately one million taels per annum to Peking, but must, if Dr. H. B. Morse's calculations are correct, have collected upwards of ten million taels. Dr. Morse¹ thus describes conditions in Canton in pre-Treaty days :

The foreign merchants in the Canton factories were subjected, with little check, to the exactions of a Customs establishment modelled on traditional Chinese lines. Their ships were required to pay official duties, fully recognized, and not capable of reduction, amounting to about, and not less than, \$10 (at the then current exchange, £2 8s. 4d.) per ton of present day registered tonnage, the present tonnage dues which replaced the old port dues amounting to no more than \$0.60 (at the old exchange 2s. 11d., and at present exchange about 1s. 2d.) per ton register. In addition, the ships under the Chinese system, were compelled to gratify the desires of every Government employé who was brought into relations with them, if the work of discharge and loading was to go on without delay, and if small offences by the ships' crews were to pass without notice ; the exactions under this head may be estimated at \$1,500 to \$2,000 (£360 to £480) for each ship. . . . On the merchants' goods the exactions were no less heavy, but they were less capable of reduction to precise statement of the amounts levied. The contribution to the Consol fund of three per cent. on the value of the goods was a tax additional to the Customs levy, and was ostensibly designed to provide security to the foreign merchant against losses incidental to the system of monopoly under which he conducted his business. . . . But the Customs duty levied on his goods—on foreign products imported and on Chinese tea, silk, and other products exported—was not only exceedingly heavy in comparison with the amounts legitimately leviable under the tariffs then nominally in force, but was at the same time cleverly disguised under a system which apparently required the foreigner to pay no duties. His imports he was compelled

¹ *International Relations of the Chinese Empire*, vol ii., pp. 1-2:

to sell to his security merchant only ; the latter fixed the price without competition, and without the possibility of reference to prices current, and this security merchant settled all dues, regular and irregular, legal and illegal, payable to the Government officials.

Erratic and excessive taxation was but one of the long list of grievances which the British merchants at Canton brought to the attention of their Government in 1838, a year previous to the so-called " Opium War." And, though the seizure of opium, and the treatment of the foreign merchants at the time of this seizure, was the actual cause of the outbreak of hostilities in 1839, from the British side the right to traffic in opium was never an issue. An indemnity of six million taels was, it is true, exacted in the Treaty of Nanking, of August 1842, which brought the war to a close, but this did not represent the full value of the opium seized, and the treaty contained no stipulations whatsoever in regard to the perpetuation of the opium traffic. The Opium War, indeed, was, as Dr. Morse puts it, " only the beginning of a struggle which lasted for twenty years, and which was to decide the national and commercial relations which were to exist between the East and the West." The intolerant and overbearing attitude adopted by the Chinese officials towards foreigners rendered a clash inevitable.

The Treaty of Nanking provided for the abolition of the trading monopoly at Canton, ceded Hongkong to Great Britain, opened Canton, Amoy, Foochow,

Ningpo, and Shanghai to foreign trade, and stipulated that "a fair and regular Tariff of Export and Import Customs and other dues" should be "publicly notified and promulgated for general information" and that goods which had paid import duty should be transported without further taxation to any part of the Chinese Empire, on payment of a fixed transit duty. The tariff drawn up in consequence of this and subsequent treaties was based upon a uniform import and export duty of five per cent. *ad valorem*, and the transit duty was fixed at $2\frac{1}{2}$ per cent. From this tariff, to-day, the only exemptions are "foreign rice, cereals, and flour; gold and silver, both bullion and coin; printed books, charts, maps, periodicals, and newspapers."

Although the British Treaty of Nanking, and subsequent treaties with France, America, and other states, definitely fixed the duties payable on foreign imports, and Chinese exports, the collection of these duties continued to be enforced in a characteristically Chinese manner. The Chinese Customs employés continued to exact gratuities for expediting business, and from this it was but a short step to accepting them for passing false invoices and manifests. The Chinese Government thus lost much of the revenue which it should have received, and a premium was placed upon dishonesty among Chinese and foreigners alike.

In September 1853 the Native City at Shanghai was occupied by rebels. The Taotai, the local official

who, among other duties, was responsible for superintending the collection of Customs revenue, had to seek refuge in the Foreign Settlement. And the whole Customs administration in the port broke down. The American and British Consuls at first attempted to meet the situation by requiring their nationals to deposit bonds undertaking to pay the regular duties, at a future date, before issuing clearance papers, but this method proved unsatisfactory, inasmuch as no such restriction was imposed upon the clearance of ships under other flags. Eventually, at the instance of Mr. Alcock, the British Consul, an agreement was reached with the Tao-tai, under which "a foreign element" was to be introduced into the "Custom-house establishment, in the persons of foreigners, carefully selected and appointed by the Tao-tai . . . who shall give him efficient and trustworthy instruments wherewith to work." The "Board of Inspectors" thus brought into existence consisted, in the first instance, of Messrs. Arthur Smith (French), Lewis Carr (American), and Thomas F. Wade (British), and it assumed its duties on July 12, 1854.

Mr. Wade resigned a year later, and was replaced by Mr. Horatio Nelson Lay, of H.M. Consular Service, who received the formal appointment of Inspector-General in January 1861, and extended to several of the other ports the system which had been adopted in Shanghai. Mr. Lay soon quarrelled with his

employers, the Chinese Government, and was dismissed in November 1863, being replaced by Robert Hart, who may be regarded as the real founder of the Chinese Maritime Customs Service. Under his tactful and efficient management the Chinese Customs Administration was expanded from a skeleton organization, supervising the collection of revenues at less than a dozen ports, to a great fiscal service, which not only collects the whole of China's import and export duties, coast trade duties, tonnage and harbour dues, etc., but became responsible for the establishment (and, for some years, for the operation) of the Chinese Post Office, and to this day undertakes the maintenance of light-houses and other aids of navigation on the Chinese coast and waterways. Sir Robert Hart remained at the head of the great service of which he was the real creator until his death. He was then succeeded by Sir Francis Aglen, who is the present Inspector-General.

The organization of the Chinese Customs Service upon a basis which ensured that all revenues, other than the actual expenses of the staff, should be duly accounted for and remitted to the Central Government was naturally welcome to the Throne, however unpopular it may, at first, have been to the provincial officials, who saw themselves deprived of extensive opportunities for squeeze.

The Inspector-General became one of the most

trusted advisers of the Throne, and attained an influence in the counsels of the Government which no other foreigner could hope to enjoy. His advice was sought, not merely regarding Customs and Postal questions, but also regarding diplomatic problems. The Customs Service was developed upon autocratic lines, the Inspector-General's word being law to the entire foreign staff. But it is a mistake to assume, as is sometimes suggested, that the Customs Service is under foreign control. The Inspector-General is a servant of the Chinese Government. Under an undertaking given to the British Minister by the Chinese Government in February 1898, the Inspector-General of Customs is to be a British subject, "but, if at some future time the trade of some other country should become greater than that of Great Britain, China will then, of course, not be bound to necessarily employ an Englishman as Inspector-General." But the Inspector-General of Customs is not under the control of the British, or any other foreign Government.

On not a few occasions the present Inspector-General has ignored the protests of the foreign diplomats, including the British Minister, especially in connexion with his assumption of responsibility for the service of China's domestic loans. For, from 1921 onward, the Inspector-General of Customs has gradually assumed responsibility for meeting the interest and

amortization charges on China's domestic loans, which had previously had no satisfactory security. A number of these loans had been issued at heavy discounts to Chinese banks, and in some instances to officials for the payment of their salaries. Only in two instances, however, were existing loans revalued, and the result of the establishment of the National Consolidated Loan Service, and of the willingness of the Inspector-General to utilize the deferred Boxer Indemnity payments as security for other loan issues, has been to restore confidence in bonds which had previously been regarded as wellnigh valueless.

Although the Inspector-General of Customs is British, the foreign staff is cosmopolitan in character, including Americans, Japanese, and nationals of most of the European States. Up to the present, promotion to the higher grades (Commissioner, Deputy Commissioner, etc.) has been reserved for foreign employés. On the face of it, this may appear unjust. But it is to the enforcement of this policy that the preservation of the integrity and efficiency of the Customs service has been due under the stormy years of the Republic. A foreign Customs Commissioner, enjoying extra-territorial rights, cannot be interfered with, arrested, or coerced by the local Chinese authorities. If a Chinese had been Commissioner of Customs at Canton, for instance, at any time during the past seven or eight years, the control of the Canton Customs would

unquestionably have passed out of the hands of the Inspector-General and of the Chinese Government. He would have had to submit to whatever military or political faction was temporarily in power, or face the consequences.

The interest of foreign Governments in the Chinese Customs Service is twofold. In the first place, the Customs revenues form the principal security for the loans floated abroad between 1895 and 1898 to meet the Japanese Indemnity, and also for the Boxer Indemnity, and the secondary security for the Reorganization Loan of 1913.

Secondly they are interested to see that imports and exports in China are subjected to uniform Customs duties, and free from vexatious and illegal exactions during transit to their ultimate destination in the interior.

I have already mentioned that, from the early Treaty days, payment of an additional transit tax of $2\frac{1}{2}$ per cent. *ad valorem* was supposed to free foreign imports, and Chinese products destined for export, from further taxation while in transit. About the middle of last century, however, during the Taiping Rebellion, the provincial authorities in a number of areas began to impose a new tax on goods in transit, which became generally known as *likin*. Originally exacted on the basis of one, two, or three per *mille*, it has since become an incubus on foreign

and Chinese trade, more by reason of the multiplication of likin barriers, and the vexatious delays that they cause, than by the actual duty collected at any individual barrier. In some provinces, especially those intersected with waterways, there are likin barriers at distances averaging about ten miles apart, at each of which goods in transit are detained, examined, and compelled to pay duty. Even where the immunity conferred by the transit pass is recognized—and this is by no means general—the goods covered by such passes are subject to examination and much unnecessary delay, unless bribes are employed to speed them on their way. Likin has become a substantial vested interest, providing a livelihood for hundreds of thousands of parasites, but yielding no return to the Central Government, and constituting an obstacle to trade which is resented by Chinese and foreign merchants alike.

The first concrete proposal for the abolition of likin is to be found in the Anglo-Chinese (Mackay) Treaty of 1902, in which the Chinese Government recognized that it constituted an impediment to trade, and the British Government undertook to assent to the raising of the import duty from 5 to 12½ per cent., and of the export duty from 5 to 7½ per cent., on its abolition. The American and Japanese Commercial Treaties with China of 1903 contained a similar proviso. These Treaty stipulations have never come into force owing

to the inability of the Central Government to tackle the likin problem. At Versailles the Chinese delegation raised the question of tariff autonomy. Among the arguments it adduced were the following :

1. That there was no reciprocity. (This is quite true.)

2. That there was no differentiation between raw materials and necessities on the one hand, and luxuries on the other. It was pointed out, for instance, that while China imposed a uniform five per cent. import duty, Britain, America, France, and Japan, to mention but a few other States, imposed duties amounting in some instances to between 300 and 400 per cent. on tobacco and spirits.

3. That the present tariff produced insufficient revenue. In this connexion the fact was overlooked that, as only 6.5 per cent. of China's imports are admitted duty-free, the ratio of China's Customs collection to her foreign trade cannot be considered low. If we take the total volume of foreign trade for China and the countries mentioned, for 1922, we find that the Customs revenue collected bore the following percentages to the total value of imports and exports :

China	3½ per cent.
Japan	2 per cent.
Great Britain	6 per cent.
America	5½ per cent.
France	4½ per cent.

If the Mackay Treaty duties ($12\frac{1}{2}$ per cent. import, and $7\frac{1}{2}$ export) had been in force in 1922, the Customs collection from these duties alone would have amounted to 6.4 per cent. of China's entire foreign trade, or, if native Customs, coast trade and tonnage duties had been added, to about 7.3 per cent.

4. That there had been no real revision. This was a legitimate grievance, international jealousy having prevented a revision of the value of imports at stated intervals, with the result that for years at a time China was only receiving an average of $3\frac{1}{2}$ instead of 5 per cent. of her dutiable imports.

China's demand for tariff autonomy was shelved at Versailles, only to be revived at Washington in 1921. At the Washington Conference, using the same arguments as had been employed at the Peace Conference, the Chinese delegation proposed that the import duty, irrespective of the abolition of likin, should be raised immediately to $12\frac{1}{2}$ per cent. They undertook to abolish likin from January 1, 1924, if the Powers would not only agree to the increased duties provided for in the 1902-3 Commercial Treaties, but would also agree to additional taxation upon luxuries, and the enforcement of a tariff based upon a maximum of twenty-five per cent. within five years. It should be mentioned that on this occasion China voluntarily declared "that she is not contemplating to effect any fundamental changes in the present

system of Customs administration, or to disturb the devotion of Customs revenue to the service of the foreign loans secured thereon."

It is not surprising that the Powers represented at Washington were sceptical regarding China's ability to abolish likin on January 1, 1924, or any other stipulated date, whatever conditions were attached thereto. It was during the discussions on the Chinese Tariff question that the resolution quoted in a previous chapter, urging a reduction of China's armed forces, was drafted. According to Dr. Willoughby, who was one of the Chinese Government's technical advisers, some of the delegates felt doubt whether "it would be advantageous to China to give her an increased revenue which might find its way into the hands of the various military commanders, or Tuchuns, in China, and thus tend to strengthen these leaders who, as yet, had not been brought into due subordination to the civil authorities."

The Washington Conference in the end approved of a treaty which provided:

1. That there was to be an immediate revision of the Chinese Import Tariff, with a view to enforcing an effective five-per-cent. duty. (It should be mentioned that, although the Treaty basis is five per cent. *ad valorem*, specific duties originally calculated on this basis are collected on the bulk of China's imports. The last revision of the tariff had taken place in 1918,

and there had been a considerable increase in the value of many commodities since that date.)

2. That a special conference of representatives of the signatory Powers was to assemble in China within three months of the coming into force of the Treaty :

(a) To prepare the way for the abolition of likin on the basis of the 1902 and 1903 Treaties ;

And (b) to determine the date from which, the purposes for which, and the conditions to be attached to : the imposition of a surtax of $2\frac{1}{2}$ per cent. *ad valorem* on imports, with a surtax not exceeding five per cent. on luxuries.

3. That the import tariff was to be revised again four years after 1922, and at intervals of seven years thereafter.

4. That import duties, whether levied on land or maritime frontiers, should be imposed at a uniform rate.

5. That the transit pass system should remain in force until the special conference had met and fulfilled its task.

6. That Powers not signatory to this treaty might adhere thereto, if " at present recognized by the signatory Powers," and parties to treaties with China providing for a five-per-cent. tariff.

7. That the provisions of this treaty should override all stipulations of " treaties between China and

the respective contracting Powers which are inconsistent therewith, other than stipulations according most favoured nation treatment."

The assembling of this special conference was delayed by France's refusal to ratify the Washington Treaty until May of this year (1925). The opening of the conference, however, has now been fixed for October 26; and there seems to be little doubt that when it assembles China will endeavour to extend its scope, and again raise the broader question of tariff autonomy.

The considerations which influenced the Treaty Powers in refusing to agree unconditionally to the grant of complete tariff autonomy to China exist—unchanged, unless it be for the worse—to-day. The country is still controlled by rival militarists, who regard the conference simply as a means for enabling them to extort more money from the Peking Government. Far from there being any prospect of the early abolition of likin, the pernicious system of taxing commodities in transit is extending far and wide. Practically every militarist in China is levying taxes of varying kinds on trade within his jurisdiction. When the Washington Conference met an agreement had just been reached between the foreign cigarette companies—which do an enormous business in China—and the Central Government, under which the former undertook to pay direct inland and factory taxes on their cigarettes, which were to exempt them from all

other duties while in transit. The Central Government undertook to deduct from these taxes any additional duties illegally levied in the provinces.

This agreement—which was cited at Washington as proving that the Chinese authorities would fulfil their obligations in respect of taxation, if met in a fair and reasonable manner—was violated as soon as the Washington Conference was over, Chekiang being the first province to impose a twenty per cent. *ad valorem* tax on all imported cigarettes. Other provinces, including Chihli, the metropolitan province, have followed suit, until to-day there is hardly one in which cigarettes which have paid taxes to the National Wine and Tobacco Administration remain exempt from further, illegal imposts. Taxation of commodities in transit by the militarists is not confined to cigarettes. Attempts are being made to extend it to kerosene, piece-goods, etc., while in some instances a regular tariff of so-called Military Rehabilitation Special Goods Taxes has been printed for levy upon the railways.

It is not really surprising that when foreign trade is liable to so many irregular imposts in all parts of the country, and the Central Government is quite unable to compel a single province to fulfil its treaty obligations, or to abide by the terms of special agreements—such as those entered into by the foreign cigarette companies—foreign merchants of all nationalities should view with misgiving any action

on the part of their Governments which would give the Peking Government power to raise the present tariff without any obligation to abolish illegal taxation. Under existing conditions the concession of tariff autonomy to China would merely mean the grant of power to a Central Government in no way representative of the country, and exercising no real authority even over the metropolitan province, to impose further levies on foreign and Chinese commerce, which is already hampered by likin and by the multiplication of illegal taxes on the part of the militarists. The instructions issued to the British delegation which has proceeded to China to participate in the Special Customs Conference are sympathetic, but precise. They are dated September 18, 1925, and read :

1. You have been appointed to represent His Majesty's Government at the Special Conference on the Chinese Customs Tariff, which is to meet on October 26 at Peking in pursuance of the Treaty signed at Washington on February 6, 1922. The last ratification was deposited at Washington on August 5 last, and the Treaty then came into force.

2. The constitution and functions of the Special Conference are explained in this Treaty, and in the resolution of the Washington Conference, passed on February 4, 1922, relating to the establishment of a board of reference. These documents, which are printed in an annex to this dispatch, will show the general objects of the Special Conference, namely, to prepare the way for the speedy abolition of likin and the fulfilment of the other relevant conditions laid down in the Treaties specified, and to determine the conditions on which a Customs surtax up to $2\frac{1}{2}$ per cent. on ordinary goods and 5 per cent. on luxuries may be levied as an interim measure pending the complete abolition of likin.

3. While the specific tasks of the Special Conference are thus defined, His Majesty's Government look to it as affording an opportunity for the Treaty Powers to show their real friendship for China and their practical sympathy with the desire of the Chinese to reform their fiscal system, and on such lines as will give reasonable security and encouragement to international trade, and thus make possible the progressive growth of China's liberty of action in this sphere. His Majesty's Government have therefore welcomed an early meeting of the conference, notwithstanding the recent disturbances, boycott, and anti-British agitations.

4. It will not fall within your province to consider questions of extraterritorial jurisdiction, but, as this is a matter in regard to which much interest is at present being shown in China, it may be desirable that you should know that His Majesty's Government are in sympathy with the general trend of Chinese aspirations in this matter. They desire that the Extraterritorial Commission provided for in a resolution adopted at the Washington Conference should begin its work with as little further delay as possible, and they will do whatever lies in their power to facilitate its task. The establishment of such conditions as will allow of substantial progress being made rests with the Government of China.

5. One of the chief difficulties with which the Powers are confronted in their desire to assist China in the reorganization of her fiscal and legal systems is the lack of an effective central Government. The disturbance and agitation to which I have already referred are symptomatic of this lack of authority, and may stultify the sincere efforts of His Majesty's Government and the other Powers concerned. It will, therefore, be one of your main concerns to secure adequate guarantees that the reforms justifying the concessions which you are authorized to make will in fact be carried out. How these guarantees can best be obtained it will be for you to determine, and if you are in doubt on this important subject you should refer to His Majesty's Government before using the full powers which have been issued to you.

6. His Majesty's Government are bound by no pledges except those which all the signatory Powers undertook at Washington. They are resolved to work in the spirit of the Washington Conference, and to

abide by the fundamental principle that whatever is done by the Special Conference should be done for the general benefit of China. His Majesty's Government recognize that the consolidation of the unsecured debts is one of the tasks which will confront the conference, but they consider that this task should be regarded only as a secondary part of the functions of the conference. His Majesty's Government will not, therefore, consider that the purpose of the conference has been fulfilled unless it results in the adoption of measures which promote internal peace and secure reforms of permanent benefit to China.

7. His Majesty's Government have no interests in China which conflict with the interests of the Chinese themselves. They desire the establishment of a united, independent, orderly, and prosperous China, worthy of her historic past and giving promise of as great a future. It is for the Chinese themselves to solve the internal problems of China, but, so far as British assistance may be practicable and may be desired, it is the earnest wish of His Majesty's Government to give such help as lies within their power.

The comment of Dr. Wang Chung-hui—who has been selected as one of China's delegates—upon these instructions is characteristic of the present Chinese attitude. He assumes that, as the conference has been convoked by the Chinese Government, "whatever is done at the conference, will be done by China's own choosing." He expresses the belief that "the Chinese Government would insist on obtaining tariff autonomy forthwith, but if the Treaty Powers refused this they must, in any case, be made to fix at the present conference a definite date, say two or three years hence, when tariff autonomy will come into existence." This is the attitude which the delegates of the Treaty Powers will have to face. But conditions do not warrant the

unconditional abrogation of the Conventional Tariff, or the fixing of any definite date for the grant of tariff autonomy. "It will," as Mr. Chamberlain has pointed out to the British delegates, "be one of your main concerns to secure adequate guarantees that the reforms justifying the concessions which you are authorized to make will in fact be carried out." It is difficult to see how any such guarantees can be offered while China lacks "an effective central Government."

CHAPTER VIII

COMMUNICATIONS

FEW people who have not actually visited China realize the paucity of her communications. Her vast territory of nearly 1,900,000 square miles (excluding Tibet, Mongolia, and Chinese Turkestan, which have a combined area of nearly 2,400,000 square miles) is served by less than 7,700 miles of railways. Outside the Treaty Ports and Concessions there are only, at most, a few hundred miles of macadamized roads. Not a single mile of railway is in operation in the Provinces of Kansu, Shensi, or Szechwan, whose combined population is estimated at about 60,000,000.

Under the Manchu Empire 5,822 miles of railway were constructed, and at the time of abdication another 2,205 miles were under construction. Since February 1912, when the Emperor abdicated, the mileage of railways in operation has increased by less than two thousand, though thousands of miles of additional railways have been contracted for, or projected. For some years past railway construction has been virtually at a standstill, and the condition of the Chinese railway system at the present moment is appalling. There

could be no more promising investment than a well-managed, adequately equipped railway in China. Some of the existing railways have been operated on as low a ratio of expenditure to revenue as thirty-four per cent. There is a crying need for improved communications in all parts of the country. In a recent address to the Peking School of Commerce Mr. Julean Arnold, the American Commercial Attaché, asked :

“How many students in the colleges of this great continental country, in their studies in mathematics and economics, concern themselves with the study of comparative costs of transportation, by human beasts of burden, pack animals, wheelbarrows, carts, motor vehicles, and railways? This is your country’s greatest present-day problem. China needs railways more than she does colleges. With economic transportation, the people of China need no longer worry about securing funds for constructing and maintaining educational institutions. Are the students of China to-day aware of the fact that recurring famines in this country are a sad comment on the mentality of the nation in its failure to apply the education of the nation to the fundamental problems of the country?”

For the slowness in railway construction during the first few years of the Republic China is not altogether to blame. The Great War produced a shortage of

railway materials and of capital which rendered the fulfilment of many existing railway contracts impossible. The system of earmarking special areas as the political spheres of influence of individual Powers also hampered railway development, several foreign Governments having protested against the conclusion of railway contracts which their own nationals were not in a position to carry out.

Railway construction proceeded in a haphazard manner until the last months of the Manchu dynasty. Under foreign pressure railway concessions, carrying important political privileges, were granted to France, Russia, Germany, and Japan. In the battle for concessions Great Britain secured important privileges, but, unlike the Powers mentioned, constructed railways not as the concessionnaire, but on behalf of the Chinese Government. The Peking-Mukden, the Shanghai-Nanking, and the Tientsin-Pukow—the railways in which British capital was chiefly interested—were from the outset State railways, operated for the benefit of the Chinese Government, though with certain restrictions as to foreign supervision over the accountancy, maintenance, and traffic departments. In addition to outright concessions to foreign capitalists and Governments, and the construction of State railways with foreign capital, a number of provincial companies were organized for the building of railways

in certain areas. No uniformity in regard to gauge or equipment was enforced, and most of these provincial ventures proved a complete fiasco. Millions of dollars were recklessly wasted, finding their way into the pockets of the promoters, and, even when a few miles of track were actually laid, it was at such enormous expense, and the management was so incompetent, that the concerns soon became insolvent.

It was, it may be recalled, a well-meant but belated attempt on the part of the Central Government to monopolize all trunk railways for the State that brought about the Revolution.

If foreigners are directly or indirectly responsible for the slowing up of railway construction, they cannot be blamed for the appalling conditions which prevail to-day upon the railways actually in operation. Recurring civil wars, the destruction of track and equipment by rival militarists, and the filching from the railways of every cent not actually required for the bare operating expenses, have reduced the railways throughout China to a state of complete insolvency. Militarist interference on the northern (Wuchang-Changsha) section of the Canton-Hankow Railway proved so disastrous that three years ago it was reported to be unsafe to run trains at more than eight miles per hour over some sections of the line. The southern section of the same line, the construction of which is

in the hands of a provincial company, can only be operated intermittently, at the infrequent intervals when the Cantonese militarists are not engaged in hostilities.

When China's Tuchuns decide to go to war the first thing that they do is to commandeer every available locomotive and passenger and goods car. The rolling stock is used not only for the transportation of troops, but as portable barracks, the best passenger cars often being stripped of all their fittings, and occupied for weeks or months on end by dirty soldiery. The unfortunate railway staff, intimidated by armed coolies, has to run trains regardless of staff or tablet control, with the result that accidents are frequent. Passenger equipment is soon scattered all over the country. At the end of the last civil war, in the winter of 1924-5, many of the sumptuous passenger cars of the famous Blue Express, of the Tientsin-Pukow Railway—which have never yet been paid for—were carried off into Honan, where travellers reported seeing them shunted on to sidings, with chimneys projecting from their roofs, and used as living and sleeping quarters by the troops. The damage done to locomotives and rolling stock in each of these upheavals is incalculable.

Practically every car that has been used by the military has to be sent to the workshops to be overhauled and disinfected, and to have its fittings

replaced. Locomotives are run to a standstill, and then left where they are, without even drawing the fires or emptying the boilers. Cargoes accumulate at the stations, only to rot or be pillaged by the troops. Foreign and Chinese merchants, anxious to secure the transportation of perishable cargoes, frequently have to pay bribes of between \$100 and \$200 per car to the militarists in control.

The Government railways, which under normal conditions yield a handsome annual surplus to Peking, are now hard put to it even to discharge their loan obligations. Bridges and other structures which should have been renewed or overhauled years ago are rapidly deteriorating owing to the purloining of all available railway revenues by the military. The only railways in China which continue to be satisfactorily operated are those which are under absolute foreign control, such as the South Manchuria (Japanese) Railway, and the Yunnan (French) Railway. When difficulty was experienced in raising further foreign loans for railway equipment some years ago, a Chinese banking group, with much blowing of trumpets, came to the assistance of the Ministry of Communications, and advanced the money under conditions which were intended to ensure its expenditure for the purpose for which it was lent—the maintenance of the new rolling stock, and its remunerative exploitation. But they

have had to watch, impotently, the seizure and destruction of the equipment purchased with their money by rival militarists.

It cannot be long, unless military interference is eliminated, before several of China's most important railways have to suspend operations on account of lack of equipment and deterioration of the track, and the absence of funds with which to meet the expenses of repair and maintenance. The surpluses which continue to be shown in the official railway accounts are illusory, inasmuch as they never reach the Central Government.

Under present conditions it would be sheer madness for the foreign investor to advance further money for railway construction in China, however urgent may be the country's needs in the matter of railway development. What were regarded as stringent conditions for the management and supervision of the earlier State railways constructed with British capital have proved quite useless for the protection of the bondholders' interests. The militarists care nothing for those interests, and ignore alike the protests of the foreign Legations and the orders and pleadings of Peking. Chinese railway bonds, which used to be regarded as gilt-edged securities, have, as a consequence of recent disorders and their disastrous effect upon railway operation, slumped to fifty to seventy per cent. of their face value.

At the Washington Conference the views of the Powers regarding the Chinese railway situation were voiced in a resolution which read :

“ The Powers represented in this conference record their hope that, to the utmost degree consistent with legitimate existing rights, the future development of railways in China shall be so conducted as to enable the Chinese Government to effect the unification of the railways into a railway system under Chinese control, with such foreign financial and technical assistance as may prove necessary in the interests of that system.”

The Chinese delegation expressed its sympathetic appreciation of this “ expression of hope,” and added, “ It is our intention as speedily as possible to bring about this result.” The state of China’s railway system to-day reveals the wide margin between “ intention ” and practice.

The Chinese Government has, following the Soviet’s repudiation of its original offer to hand over the Chinese Eastern Railway “ without demanding any kind of compensation,” recognized Russian interests in that enterprise, which is now being exploited for political purposes by the Bolshevik authorities. The former Engineer-in-Chief—to whose loyalty and efficiency was due the fact that the railway not only continued in operation, but that its running and equipment were improved after the withdrawal of international control

—was thrown into gaol on trumped-up charges, to satisfy Soviet spite, and only released on bail after nearly twelve months' solitary confinement, when the evidence of his traducers completely broke down.

The entire property of, and the revenue from, the Chinese Government telephone and telegraph administrations have been pledged as security for Japanese loans amounting to Yen 45,000,000, contracted in 1918, the charges on which are now long in arrears.

Serious international issues have been created by China's duplicity in regard to wireless contracts.

In May, 1919, as the result of a pledge given on August 27, 1918, the Ministry of War entered into an agreement with the British Marconi Company for the establishment, as a joint enterprise, of a Chinese National Wireless Telegraph Company, which was to establish a factory which would have the exclusive use of Marconi patents in China, and which, if the goods supplied "are not lower in quality nor higher in price to those offered by other companies," was to enjoy a monopoly of supplying the Chinese Government with "all its present and future requirements in wireless telegraph and telephone apparatus, material and supplies."

On or about February 21, 1918, the Ministry of the Navy entered into an agreement with the (Japanese)

Mitsui Company for the erection of a high-power wireless station capable of communicating direct with Europe and America, declaring at the same time that "during the term of thirty years no other party shall be allowed to erect a similar wireless telegraph station for communicating telegraphically with Japan, Europe, and America, neither may the Chinese Government itself erect an installation."

In January 1921 the Ministry of Communications contracted with the American Federal Wireless Telephone and Telegraph Administration for the erection of a high-power station, capable of sending messages to, and receiving them from, all parts of the world, at Shanghai, and also for the construction of five smaller stations at Shanghai, Harbin, Peking, Canton, and Hankow.

It will be seen that all three agreements, concluded with different Government departments, are conflicting. The American Government has adopted the attitude that the British and Japanese agreements contravene the Treaty rights of Americans in China and the principle of the Open Door. There is reason to believe that the securing of each of these contracts was obtained as a result of a substantial financial consideration to the department, or to officials of the department, concerned. The Japanese wireless station has now been completed and tested. The erection of the

American installations has not yet begun. And up to the present all efforts to find a satisfactory solution of China's conflicting engagements have failed.

CHAPTER IX

LABOUR

I TAKE the following quotation from *The Times* report of the proceedings at the Labour Party Conference at Liverpool on October 1, 1925 :

Mr. Ben Tillett moved a resolution recording the indignation of the conference at the recent murdering of Chinese workers and students, protesting against the conditions endured by the Chinese workers as a result of their exploitation, not only in the Chinese mills, but also by British and Japanese capital, and objecting to the policy pursued by the Powers in connexion with China as calculated to humiliate her and weaken her authority. The resolution further called upon the Government to treat the Chinese people as a sovereign State responsible for their own Government, to enter freely into negotiation with that Government for the revision of all the treaties imposed upon them, and to use British influence solely for the purpose of placing our political and commercial relations on a mutually satisfactory basis.

The resolution was carried unanimously.

Mr. Ben Tillett's resolution, it will be seen in the first place, describes the recent shooting of "Chinese workers and students" as "murder." It need only be stated in rebuttal of this allegation that the shooting incident at Shanghai was the result of a mob attack upon a police-station in the heart of the Foreign Settlement. Whether the mob could have been dealt

with effectively by gentler methods is now the subject of an investigation by independent foreign judges. It may, however, safely be predicted that even if they should find that there was an error of judgment on the part of any of the Shanghai police officials there will not be any suggestion that the latter were murderers.

On every other occasion on which any Chinese students or workers have been shot by foreign volunteers, bluejackets, or marines, this action has been taken in self-defence against unprovoked and murderous attacks on the part of Chinese mobs. At Canton the mob, at Soviet instigation, opened fire upon the Foreign Concessions on Shameen. At Hankow an angry mob, with the connivance, it is to be feared, of the local Chinese authorities, invaded the British Concession, smashing windows, breaking down the branches of trees, and hurling stones at foreigners indiscriminately. A number of foreigners were more or less seriously injured, one Japanese being beaten to death. They then attacked Volunteer headquarters, and after playing upon them with a fire-hose, and firing a volley into the air without effect, the British bluejackets on guard had no alternative but to fire. To describe these incidents as "murder" shows lamentable prejudice or complete ignorance of the facts.

It has become customary, since the inception of

Bolshevik propaganda in China, to describe foreign commerce in that country as the "economic exploitation" of the Chinese worker. Nothing could, in reality, be further from the truth, unless the development of any legitimate commerce is thus to be described. Foreign enterprise and Chinese co-operation have resulted in the growth of an enormous trade in commodities and raw materials for which there was, until the appearance of the foreign merchant upon the scene, no domestic or foreign market.

It is to foreign enterprise that China owes the development of her important export trade in pigs' bristles, Tientsin carpets, raw cotton, sheep's, goats', and camels' wool, eggs and egg products, chicken and ducks' feathers, furs, skins, and hides, liquorice, linseed, rape, sesamum, and other seeds, straw-braid, Soya beans and their by-products, tungsten and many other articles. In many instances these commodities were simply wasted until the foreign merchant recognized their potentialities, and in almost every case the price has increased by leaps and bounds since the demand for export has been created. An obviously well-informed writer, in an article recently contributed to the *Peking and Tientsin Times*, wrote :

As for "exploitation" in the selfish manner charged against foreign firms by Moscow nursery rhymes, it simply does not exist. In the main part, foreign firms, compradores, dealers, and producers have worked together in the interest of trade, albeit with constant friction over

qualities and details of workmanship, materials, and packing. To infer that foreign firms have proceeded on a basis of sinister exploitation is to confess absolute ignorance of the matter. Prices that foreigners obtain are governed by the same law that rules the worlds' markets, supply and demand, and the Chinese dealers and middlemen are perfectly aware of what prices rule generally in New York and London markets, and base their own quotations accordingly. The foreign exporter gets his commission, which is almost invariably less by a great deal than what the Chinese middlemen get between interior producers and the Treaty Port compradore. If there is any selfish exploitation in connexion with the export trade it takes place long before the article reaches the godowns of the Treaty Port foreign buyer. Whatever unfair profits are made in the deal are made by the Chinese themselves. It is not denied that many foreigners make, or have made, their "pile" in the China trade, but their total fortunes are a mere bagatelle compared with what is made by the Chinese from the ultimate producer down to the compradore, and the Chinese Government Customs, which takes its export, transit, and river dues taxes from the commodities as they pass on their way to the foreign consumers.

It would take far greater shrewdness than the average foreigner possesses to "exploit" the Chinese, who are born traders, and have nothing to fear from any Western competition in their own field.

The extent to which China has become industrialized, in the Western sense, is generally exaggerated. Of her estimated population of about four hundred millions it is improbable that more than twenty-five to thirty per cent. are engaged in non-agricultural occupations, and of these not more than a few hundred thousands are engaged in labour under the factory system. The land is generally cultivated in small holdings, most of the farms being worked by the head

of the household and the members of his own family. This is true also of many of China's handicrafts. The farm labourer, where he is employed, is miserably paid, his wages ranging from \$10 to \$50 (£1 to £5) per annum. The cost of living in the country districts and outside the Treaty Ports is extremely low. The staple food of the people is rice and other cereals and vegetables. Meat, usually pork, only figures occasionally in the diet of the Chinese, who, however, consume large quantities of salt and fresh-water fish.

It would obviously be economically impossible, under existing conditions, for foreign or Chinese concerns starting factories in China to pay wages approaching those in force in Europe and America, or even in Japan. Factory labour is employed chiefly in the Treaty Ports, and in some of the larger provincial cities, and the conditions under which it is recruited are entirely dissimilar from those in Western countries. The demand is mainly for unskilled labour, or for labour in which little training or experience is required. Labour is recruited to a very large extent from the farming class, who migrate to the towns in search of higher wages, which do not, however, always compensate them for the increased cost of living. There being no general housing or sanitary regulations, and no system of universal education, the employment of child labour has existed from the inception of the factory system. To quote from

the report of the Shanghai Child Labour Commission, which will be referred to in greater detail later :

“ In many mills the conditions during the night-shift are, according to Western ideas, most unusual. Rows of baskets containing babies and children, sleeping or awake, as the case may be, lie placed between the rapidly moving and noisy machinery. Young children, who are supposed to be working, but who have been overcome by fatigue or who have taken advantage of the absence of adequate supervision, lie asleep in every corner, some in the open, others hidden in baskets under a covering of raw cotton.”

China until recently has had no factory regulations, and there have been no restrictions upon the age at which labour may be employed, or the hours of work. But appalling though conditions are in many of the factories, they are the outgrowth of the peculiar conditions existing in a country where life is held so cheap, where the average earnings of the unskilled adult worker amount only to a few pence a day, and where, over large areas, it is cheaper to use human porters than beasts of burden.

Shanghai is the centre of China's modern industrial system. In and around it are concentrated hundreds of factories of various kinds, equipped with modern machinery. These have grown up without any

attempt at regulation. In the International Settlement the only power vested in the hands of the municipality has been that of prescribing the hygienic requirements of new factory buildings. Some more enlightened foreign and Chinese employers have voluntarily attempted to improve the environment and working conditions of their workers. But their efforts have not always been appreciated by the Chinese themselves, and it is noteworthy that the more progressive concerns have had just as much, if not more, trouble with their employés.

On March 29, 1923, Provisional Factory Regulations were promulgated by the Peking Government, which purported to control the hours of adult and child labour, and to restrict the age, and the occupations, at which children might be employed. But, as the British Consul-General at Shanghai recently reported :

“ Before this beginning, certain mill-owners in Shanghai, prominent among whom were British and Japanese, had for many years made private efforts to regulate child labour, to exclude children from night-shifts, to provide for their care and education, etc., but insuperable difficulties in the path of private effort arose in the impossibility of securing general voluntary co-operation among competitors, and in the unwillingness of parents to deprive themselves of the earning capacity of their elder children or to

go to work unless accompanied by their younger ones."

The Chinese Factory Regulations are unknown to the authorities throughout the greater part of the country, and nowhere has there been any serious attempt to enforce them. The initiative in bringing about improved labour conditions came from the much maligned foreigner. Correspondence between Miss A. Harrison (of the Young Women's Christian Association), the Employers' Federation, and the Chinese Cotton Mill Owners' Association, in 1922, led to the appointment by the Shanghai Municipal Council, in June 1923, of a commission :

"To inquire into the conditions of child labour in Shanghai and the vicinity and to make recommendations to the council as to what regulations, if any, should be applied to child labour in the Foreign Settlement of Shanghai, having regard to practical considerations and to local conditions generally."

The report of this commission, which will be found in the *China Year Book*, 1925, and in the "Papers Respecting Labour Conditions in China" [China No. 1 (1925)] issued by the British Government, deals exhaustively with labour conditions in Shanghai and of the peculiar difficulties of improving them. The commission was presided over by a British barrister. It had the valuable assistance of Dame Adelaide

Anderson, formerly Principal Lady Inspector of Factories, and contained representatives of the foreign employers in Shanghai, and of the local women's organizations. The commission prefaced its recommendations by stating that :

“ As far as the commission is aware, the question of the possibility or advisability of prohibition or regulation within one particular industrial area to the exclusion of the rest of the State or country in which the same is situate has never hitherto arisen, and the fact that the Foreign Settlement does not even comprise the whole of the particular industrial area of Shanghai in which it is situate obviously does not lessen the difficulty of the present problem. Many industries within the Settlement have of necessity to compete with similar industries, which, while situate outside the Settlement, are within the same industrial area, which draw from the same market for their labour, and which are organized on similar lines. It is obvious that any action which might have the effect of raising the cost of production within the Settlement would not only be unfair to industries competing with those outside, but would also be unwise from the more general point of view, since it would tend to the subsidization outside the Settlement of the very evils which are being attacked within.”

The recommendations of the commission, which

reveal some of the complexities of the labour problem in Shanghai, deserve quotation in full :

MINIMUM AGE.

1. The commission is of opinion that it is practicable to prohibit within the Settlement limits the employment of children under the age of ten years, rising to twelve years within a period of four years. The commission is satisfied that such prohibition will not cause financial injury or serious inconvenience to any industry. The evidence given before the commission was such as to drive it to the conclusion that, if the continued existence of any particular industry were dependent upon the continuance of the employment of children under ten years of age, then the disappearance of such industry from the Foreign Settlement could be regarded with equanimity. In the event of such prohibition, the problem of the education of unemployed young children will naturally become more serious, but the commission hopes that at the same time the solution of this problem will be thereby hastened.

The commission recommends that the council should forthwith seek power to make and enforce regulations prohibiting the employment in factories and industrial undertakings of children under ten years of age, rising to twelve years within four years from the date when the regulations come into force.

HOURS OF EMPLOYMENT.

2. The question of the regulation of the hours of the employment of children is, in view of the existing circumstances, one of considerable difficulty. Whilst there is no doubt that in China neither children nor adults work at the same pressure as in Western countries, the commission is satisfied that the hours worked in many industries by children under fourteen years of age are so excessive as seriously to effect their health, and can and should be lessened. In normal times many of the important industrial concerns in the Settlement which employ children work on the two twelve-hour shift system, and the commission is satisfied that a limitation of the hours of employment of children to a length of time less than the normal length of the shift would have the result of preventing the employment of such children in such industries even by day, and the commission is of opinion that any regulation, which would have

this result, would be both unfair to the particular concerns and unwise from a more general point of view. The commission is, however, satisfied that there is no good reason why during the course of the shifts an interval of one hour for food and rest should not be allowed and made compulsory.

The commission recommends that the council should seek power to prohibit the employment in factories and industrial undertakings of children under fourteen years of age for a longer period than twelve hours in any period of twenty-four hours, such period of twelve hours to include a compulsory rest of one hour.

NIGHT WORK.

3. While it cannot be disputed that night work for young children is highly injurious, the commission reluctantly came to the conclusion that it is impracticable immediately to prohibit night work for children within the limits of the foreign settlement while there is no limitation outside. Industries at present employing labour at night are mostly those organized upon the two-shift system, and the commission is satisfied that it would be commercially impracticable for such industries to employ children by day, if they could not also employ such children on the turn of the shift at night. Moreover, the result of such prohibition might be that children who were just over the age fixed would be employed continuously at night, which, in the opinion of the commission, would be very undesirable. If the recommendation contained in paragraph 1 above is acted upon, the result will be that in four years' time there will be no child under twelve years of age permitted to be employed either by day or by night within the limits of the Foreign Settlement, a result which will constitute a far-reaching improvement on the present conditions, and which will, it is hoped, be merely a step towards the attainment of a position similar to that reached by the Western countries.

In view of the above, the commission does not recommend that the council should immediately seek power to enforce the prohibition of employment at night of children who can be employed by day. The commission, however, considers night work for young children such a serious evil that it is of opinion that this question should, in any event, be further considered by the council at the end of a period of four years.

REST DAY.

4. As regards the question of a rest day, the commission is of opinion that, as a step towards the standard set up at the Washington Conference of one whole day's rest in every seven days, it would be practicable to make it compulsory for children under fourteen years of age employed in the Settlement to be given at least one day's rest in every fourteen days. That is the position at the present moment in Japan. In practically all the large mills and factories the employes get a day's rest, consisting of twenty to twenty-four hours every seven days, but employment is probably more continuous in many of the smaller native industries.

The commission recommends that the council should seek power to make and enforce regulations under which every child under fourteen years of age, employed in factories and industrial undertakings in the Settlement, should be given twenty-four hours' continuous rest from work in at least every fourteen days.

PROTECTION AGAINST INJURY.

5. The commission sees no reason why it should not be the legal duty of every employer to see that the children employed by him are not exposed to serious risk. Any regulations made under this head should cover risk of injury from dangerous unguarded machinery and from fire owing to lack of proper means of egress or otherwise, and also danger of injury to health, the result of insanitary conditions.

The commission recommends that the council should seek power to prohibit the employment of children under fourteen years of age in factories and industrial undertakings at any dangerous unguarded machine, in any dangerous or hazardous place, or at any work likely seriously to injure body or health, and to close any dangerous or hazardous premises where such children are employed until they are made safe.

PROOF OF AGE.

6. As regards proof of age, this difficulty can be met, as stated above, either (a) by fixing a standard of height, or height and weight, or (b) providing, as in the Hongkong Ordinance, that in any prosecution, until

the contrary is proved, the child, the subject matter of the charge, is to be assumed to be under the particular age if he or she so appears to the sitting magistrate.

Whilst the majority of the commission is in favour of method (b), the commission recommends that the council should adopt whichever of these two methods is the more suitable from an administrative point of view.

DEFINITIONS.

7. It will be necessary for any regulations to contain a definition of the expressions " factory " and " industrial undertaking " respectively, or of such other terms as may be used therein to describe the employments covered. In the opinion of the commission it is essential that the smaller native industries and the building, transport and similar out-of-door occupations should be brought within any regulations.

The commission recommends that :

- (a) *The expression " factory " should be defined so as to cover premises in which ten or more persons are employed in manual work.*
- (b) *The expression " industrial undertaking " should be defined so as to cover out-of-door occupations, such as building, construction work, and transport, but should not include any agricultural undertaking.*

INSPECTION AND PENALTIES.

8. It cannot be too often stated that the successful enforcement of any regulations must depend to a great extent upon the imposition of adequate punishment in case of breach, and upon frequent inspection by trained men and women.

The commission recommends that :

- (a) *Any regulations should provide for the imposition not only of substantial fines, but also, in case of repeated wilful offences, for punishment by imprisonment.*
- (b) *The council should provide an adequate staff of trained men and women for carrying out the duties of inspection under the regulations.*

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CONCLUDING OBSERVATIONS.

The commission fully realizes the weight of the burden which the council will take upon its shoulders, if, having first obtained the necessary power, it acts upon the commission's recommendations. Few people outside the Settlement appreciate or even attempt to understand the difficult and peculiar nature of the task performed by the council, with its strictly limited powers in the administration of the densely and diversely populated area within its jurisdiction. Reform of present industrial conditions and the consequent amelioration of the lot of the Chinese child worker cannot be achieved unless it receives the moral and active support not only of the foreign residents, but of the vastly greater body of the Chinese public.

Dated the 9th day of July, 1924.

The Shanghai Municipal Council accepted, and endeavoured to act upon, the commission's report, summoning a special Meeting of Ratepayers for the purpose of passing Land Regulations giving effect to these recommendations. Any amendment of, or addition to, the local Land Regulations, however, is a cumbrous process, requiring in the first place the personal attendance of a substantial quorum of ratepayers, and, though there was a large attendance at each of the two special meetings convened to consider the new Land Regulations, it fell short of the number required. In view of the local, not to mention the international, interest aroused by the proposed legislation, the failure to secure a quorum must, I think, be attributed to Chinese opposition to the proposed regulations.

The leading foreign employers endorsed the new regulations. The Chinese Chamber of Commerce, however, showed no enthusiasm for their adoption. The Chinese Cotton Mill Owners' Association is on record as approving of the restriction of child labour only if "similar regulations were made applicable and rigidly enforced outside the Settlement limit—say, at least, in the provinces of Kiangsu and Chekiang." This condition it was obviously impossible for the Municipality to fulfil. The considered views of the Chinese Cotton Mill Owners' Association upon the whole problem are worthy of reproduction, as showing the Chinese employers' attitude. They read :

(a) That the association would regard the enforcement of prohibition in the Settlement only as an augmentation to the disadvantages already existing at which the mills in the Settlement are working, as the prohibition, when enforced, would drive away from the Settlement not only all the workers affected, but also their parents to obtain work outside, and would result in a shortage of labour in the Settlement, where the mills, in addition to paying higher taxes and dearer raw cotton than those in the interior, would have to pay still higher wages in order to attract labour.

(b) That in the opinion of the association the employment of children by mills is a matter of charitable nature towards the parent workers ; for so long as their children are employed it adds to their income, relieving the burden of supporting their children, and also removes their anxiety for the safety of their children, who, from the parents' point of view, are safer and more comfortable in the mills than they would be if left to run wild on the street.

(c) That many mills have tried to eliminate small children from employment, but they have met with little success owing to the pitiful requests by the parents of the children.

The above quotations will, I hope, have satisfied the reader that the improvement of labour conditions in China is an extremely complicated problem, which cannot be dealt with by the resolutions of international bodies, or even by Chinese legislation, as matters stand at present.

Early in 1924 the Secretary of State for Foreign Affairs, then Mr. Ramsay MacDonald, called upon the British Consular Officers in China for reports upon labour conditions in their districts. These reports, which have been embodied in a White Paper, make instructive reading. They are almost unanimous in recording the fact that the Chinese Government's Factory Regulations are unknown to, or ignored, by the local authorities throughout the country. The Consul-General at Nanking records the opinion that "The Factory Regulations seem to constitute an attempt to convey an unwarranted impression of national progress." Most of the British Consuls express the belief that it is not yet feasible to give practical effect to factory legislation. One of the most illuminating documents in the official British publication is the comprehensive description of existing conditions in China by Mr. Walter J. Clennell, British Consul at Foochow, from which a few extracts may appropriately be made :

"Communication in general is made by narrow paths, roughly constructed of stone slabs, and, except

among houses, rarely more than three feet, or so in width, where the only possible means of transport is portage on the shoulders of coolies. . . .

“ The real and crying grievance of the Chinese, at any rate, of the Fukienese working man, is something much more primitive than overwork—it is the utter insecurity of his life. However industrious he may be, he has no assurance of keeping the earnings of his toil, or even of preserving his personal safety. Anything that he may have to put up with from a harsh or exacting employer, or from the grindsome toilsomeness of poorly paid labour, is a trifle beside the fact that he may any day be seized and dragged off by robbers to a lair in the hills, and shot or tortured by them if he does not work for them as a slave, or produce for them a ransom from relatives whose homes these same robbers have very probably looted and outraged. If he escapes this fate, it may only be to find himself pounced upon by a military press-gang, and—again unless he somehow finds the means of buying himself off—be commandeered to carry stores for some wandering ‘ army ’ or other, engaged in an unintelligible civil war or in plundering the countryside for the support of a predatory political adventurer—and to endure this invasion of his personal freedom without notice, without wages or any sort of compensation, without the remotest chance of obtaining redress from the law, exposed to every extremity of barbarity,

and lucky if he should be among the fifty per cent. or so of such pressed men that ever live to see their homes again. A man exposed to dangers of this sort would count himself happy if he could be in a country where the rule of law is sufficiently firmly established to give people leisure to complain of long hours of work. . . .

“ There are plenty of people in China fully capable of propounding and printing sets of regulations on any subject whatever, but between the publication and the general enforcement of regulations a wide gulf is fixed in all countries, and in no country a wider one than in China. . . .

“ But, however highly we may esteem the virtue and intelligence of Asiatics, it seems improbable that they are so far our natural superiors as to be capable in one act, by the promulgation of one law or code of regulations, or by the united efforts of one generation, should one generation ever be so happy as to be united, of accomplishing what it took Europeans about five centuries to effect. The Chinese have the advantage over us of coming later, and the advantage that class distinctions, though they exist, are, on the whole, less rigidly defined than they were with our ancestors. They can buy or imitate our mechanical inventions. They may, if they will, profit by our mistakes. They need not undergo so many, so long, or so severe struggles and vicissitudes. But some of their difficulties, political, religious, and, not least, linguistic, are greater

than any which Europeans ever had to encounter. On the whole I am not sanguine enough to anticipate that anyone now living will see the economic condition of China as a whole very greatly altered from what it has been in the past.”

CHAPTER X

OPIUM

THE general impression in Europe and America appears to be that opium was introduced into China by the British, who compelled the unfortunate Chinese to admit the import of the drug by means of an iniquitous war in the early half of the nineteenth century. The facts are entirely different. Opium has been known to the Chinese since at least the seventh century, and has been used medicinally for at least nine centuries. It is believed first to have been introduced for smoking purposes, mixed with tobacco, by the Dutch, when they were masters of Formosa. The first anti-opium edict of which there is any record is one dated 1729 when the sale of opium for smoking and the opening of smoking divans were prohibited.

“ In that year,” says a writer in *The War Against Opium*, the official handbook of the Peking International Anti-Opium Association, “ the Portuguese traders from Goa and Daman imported not more than two hundred chests. It is impossible that the importation of an annual amount of opium not exceeding two hundred chests could have called for an edict prohibiting so trifling a supply ; and that the Emperor’s

decree was not considered as directed against the import is shown by the gradual and unconcealed increase at the rate of twenty chests a year. In the *Hoppo Book* of 1753—which is based on tariffs of 1687 and 1733, this latter year being four years later than the year in which Yung Cheng issued his edict—opium is included as paying three taels a picul. These facts make it clear that during the eighteenth century the import of foreign opium was sanctioned as being a medical drug, and that the edict of 1729 was directed against opium smoking, and was not intended to prohibit the importation of opium as such. The business was in the hands of the Dutch till 1773. In that year English merchants engaged in the trade from Calcutta, and the importation increased at a more rapid rate. In 1781 the East India Company took the trade into its own hands, and by 1790 the export from India stood at some four thousand chests.”

Various anti-opium enactments continued to appear until 1800, when the Emperor Kiaking issued an edict prohibiting the importation of opium from abroad and its cultivation at home. The East India Company thereupon ceased to handle the drug, and made some attempts, which were found impracticable, to prohibit its shipment to China from England or India. “Up to 1834, at least,” says Dr. Morse, “Turkey opium never came into English hands, as the company’s monopoly prohibited outside British traders from

shipping any commodity from any port west of the Cape of Good Hope, and the company itself did not handle opium." Most of the Turkish opium that reached China, in fact, was brought out in American vessels. Indian and Turkish opium continued to be exported to China in increasing quantities, despite the laws to the contrary, the Chinese officials finding the trade too lucrative to give heed to the Emperor's orders.

"The Emperor might prohibit the trade, and might renew the prohibition by repeated edicts," says Dr. Morse, "the Viceroy might issue his proclamation in strict accordance with the Imperial orders, and both Viceroy and Hoppo might enjoin on the hong merchants to obey the law; but Viceroy, Hoppo, Governor, Admiral, Magistrate, down to the smallest person with the smallest connexion with a government office, all connived at the continuous breach of the law, provided only that they found therein their personal profit." Laws have frequently proved worthless "scraps of paper" in China, and this was a case in point. The opium trade flourished until 1839, when an official, Lin Tse-su, was specially dispatched to Canton, with extraordinary powers, as Imperial High Commissioner, the Emperor trusting to his "intimate acquaintance with all the arts and shifts of the outer barbarians" to enable him to succeed where others had failed. And Commissioner Lin, quite unexpectedly, made a

desperate attempt to stop the trade. It was the methods that he employed, typical of Chinese contempt for and intolerance of the "foreign barbarian," that led to the so-called Opium War. As *The War Against Opium* puts it :

" Shortly after his arrival in Canton he demanded that all the opium in the possession of foreign merchants be delivered up to him without compensation, on the ground that it was contraband. In accordance with this demand, at the direction of Captain Elliot (Chief Superintendent of Trade) some 20,000 chests were handed over to the Chinese authorities, all of which were completely destroyed. The giving up of the opium led to further demands, and the conditions imposed upon foreigners became unbearable. The tension became so great that a collision became inevitable. The Chinese began to make preparations for war, and after the arrival of two British ships a naval engagement was fought in which a number of Chinese junks were destroyed and sunk. England and China were at war.

" To the Chinese opium was the one reason for the war. To the foreigners in general, with the English pushed into the forefront, opium was an incident. Of other grievances there was a long list all weighing on the foreign merchants and calling for remedy. War had been hanging in the air from the time of Lord Napier. War came when it did because the Chinese

had precipitated a crisis by a vigorous campaign against opium ; and it was only the beginning of a struggle which lasted twenty years, and which was to decide the national and commercial relations which were to exist between the West and the East. The destruction of the opium may be called the *casus belli* ; yet, even had Commissioner Lin not set a light to this particular bonfire, the avoidance of hostilities would have been impossible. John Quincy Adams, lecturing before the Massachusetts Historical Society in December 1841, sums up the situation in a terse and picturesque phrase. ‘ This (opium) is a mere incident in the dispute, but no more the cause of the war than the throwing overboard of the tea in Boston Harbour was the cause of the North American revolution. The cause of the war is the “ kotow.” ’ ”

In the treaty which brought the Opium War to a close opium was only mentioned in Article IV, which read :

“ The Emperor of China agrees to pay the sum of six millions of dollars, as the value of the opium which was delivered up at Canton in the month of March 1839, *as a ransom for the lives of H.B.M’s superintendent and subjects*, who had been imprisoned and threatened with death by the Chinese high officers.”

The opium surrendered was valued at very much more than this indemnity. The British Government did not press for the legalization of the opium trade.

Lord Palmerston's instructions, indeed, had this to say about it :

“ Now although the law of China declared that the importation of opium should be forbidden, yet it is notorious that for many years past that importation has been connived at and permitted by the Chinese authorities at Canton ; nay, more, that those authorities, from the Governor downwards, have made an annual and considerable profit by taking money from foreigners for permission to import opium ; and of late the Chinese authorities have gone so far in setting this law at defiance that mandarin boats were employed to bring opium to Canton from the foreign ships lying at Lintin. . . . If the Chinese Government had suddenly determined that the law against the importation of opium should be enforced, instead of remaining, as it had long been, a dead letter, that Government should have begun by punishing its own officers, who were the greatest delinquents in this matter, because it was their special duty to execute the law of their own sovereign. But the course pursued by the Chinese Government has been the very reverse ; for they have left unpunished their own officers, who were most to blame, and they have used violence against foreigners, who were led into transgression by the encouragement and protection afforded to them by the Governor of Canton and his inferior officers. Still, however, the British Government^t

would not have complained, if the Government of China, after giving due notice of its altered intentions, had proceeded to execute the law of the Empire, and had seized and confiscated all the opium which they could find within Chinese territory, and which had been brought into that territory in violation of the law. The Chinese Government had a right to do so, by means of its own officers, and within its own territory. But for some reason or other, known only to the Government of China, that Government did not see proper to do this. But it determined to seize peaceable British merchants, instead of seizing the contraband opium, to punish the innocent for the guilty, and to make the sufferings of the former the means of compulsion upon the latter; and it also resolved to force the British superintendent, who is an officer of the British Crown, to become an instrument in the hands of the Chinese authorities for carrying into execution the laws of China, with which he had nothing to do."

A year later, in a dispatch to Sir Henry Pottinger, Lord Palmerston raised the question of the legalization of the opium trade for the first time.

"His Majesty's Government make no demand in regard to this matter, for they have no right to do so. The Chinese Government is fully entitled to prohibit the importation of opium if it pleases; and British subjects who engage in a contraband trade

must take the consequences of doing so. But it is desirable that you should avail yourself of every favourable opportunity strongly to impress upon the Chinese Government, by all the arguments which will naturally suggest themselves to your mind, how much it would be to the interest of the Chinese Government itself to alter the law of China on this matter, and to legalize by a regular duty a trade which they cannot prevent."

The import of opium into China was not, in fact, legalized until 1858, when Lord Elgin was urged by the American Envoy, Mr. Reed, notwithstanding his "repugnance to introduce the subject of opium to the consideration of the Chinese," to yield to his "high sense of duty to consider whether we, the representatives of Western and Christian nations, ought to consider our work done without some attempt to induce or compel an adjustment of the pernicious difficulty." The American Envoy favoured the legalization of the trade as the only means of regulating it. The Rules of Trade attached to the Anglo-Chinese Treaty of Tientsin of 1858 provided for an import duty of thirty taels per picul on imported opium.

The trade, once legalized, continued to grow, as also did the production of Chinese opium, until the next attempt at opium suppression in 1906. On September 20 of that year an Imperial edict appeared ordering the abolition of opium-smoking within ten

years. The Government Council was enjoined at the same time "to consider measures about the future strict prohibition of opium smoking and of the planting of the poppy throughout the Empire." At that time upwards of fifty-thousand chests (a chest weighs from 133 to 160 lb., according to the brand) of foreign opium, the bulk of which was Indian, was being imported into China annually. Obviously the suppression of opium consumption could not be effected if the Indian export continued. And negotiations were at once entered into with the British Government with a view to securing its co-operation. Though there were serious doubts as to the possibility of suppressing the sale, production, and smoking of opium within ten years, the British Government decided not to obstruct, but to the best of its ability to help forward the proposed reform.

To this end it entered into a three years' agreement for the reduction by ten per cent. annually of the Indian export. This arrangement was extended for seven years in 1911, with the further proviso that "Indian opium shall not be conveyed into any province in China which can establish by clear evidence that it has effectively suppressed the cultivation and import of native opium." Though the Revolution of 1911 caused a serious set-back to the anti-opium movement, the Republican Government, under Yuan Shih-kai, made a serious and praiseworthy attempt to live up

to the ten-year programme, though at the same time committing a number of infractions of the Anglo-Chinese treaties. It was claimed in 1913 that every Province of China was clear of opium, and, though this was not correct, the Indian Government gave further proof of its sympathy by prohibiting all sales of opium for export to China after April 1 of that year. Since that date no Indian opium has reached China direct from India with the sanction of the Indian Government.

Hardly had the legal export of Indian opium ceased than a new menace arose in the phenomenal growth of the illicit morphia traffic. It was estimated that nearly three million ounces of morphia were smuggled into China between 1915 and 1920, most of which came from Japan, though much of it was of British, American, and European manufacture. The scandal attained such dimensions as to call for international action. America, Great Britain, and several other countries have now placed restrictions upon the manufacture and export of morphia and other narcotics which make it difficult, if not altogether impossible, for them to be smuggled into China direct or via Japan. Quantities of morphia, heroin, and cocaine, however, are still smuggled into China, mainly from Japan, Germany, and Switzerland.

The danger of China's being debauched by morphia and other concentrated narcotics is no longer so great

as it was three or four years ago. But with the relaxation of the authority of the Central Government the production of native opium has increased by leaps and bounds. The International Anti-Opium Association estimated the production of Chinese opium in 1923 at not less than 25,000,000 lb., or more than twelve times the total production of India, and more than eight times the total output of the whole of the rest of the world, India included. Opium is grown now, not merely in defiance of the law, but under the direct compulsion of the militarists, who find that the encouragement of poppy cultivation, and of the transportation and sale of raw and prepared opium, yields them fabulous profits. With the single exception of Shansi, there is not to-day a single province in China in which opium is not openly on sale or cultivated.

The worst offenders are the Provinces of Kansu, Szechwan, Yunnan, Kweichow, Kiangsi, Fukien, and Hunan. Yunnan has been described as "almost one extensive poppy-field." Opium was being cultivated over at least two-thirds of Szechwan in 1923-4. In Fukien it was reported that in 1923-4: "The whole province is virtually under military compulsory poppy cultivation." Yet, for foreign consumption, even those militarists in whose areas opium is grown or sold most extensively will issue the most laudable denunciations of the opium evil. Dr. Sun Yat-sen, who, as I have already mentioned, supported his mercenary troops in

Canton partly by granting them the exploitation of an opium monopoly, went on record last year as stating that there must not be "any parleying or armistice," or "surrender in any shape or form" in regard to opium. The Military Governor of Shensi, "one of the most delinquent provinces in China," had the audacity to attribute the recrudescence of opium cultivation to "the other curse of China to-day—the hordes of undisciplined soldiers. Grasping, would-be leaders gather soldiers around themselves to ensure their own power; they must have money to support these soldiers; therefore they force the people to produce opium so that high taxes may be collected."

The position of China's Diplomats at Geneva, whenever the opium question is under discussion, is pathetic, conditions being what they are to-day. And no one familiar with the extent of China's relapse can be misled by their attacks upon the opium monopolies in Hongkong, the Malay States, and the Dutch East Indies. These European possessions could not keep opium out, if they wanted to, while it is produced in such enormous quantities in China. Opium, for instance, was seized on no fewer than 345 steamers at Singapore during the first eight months of 1924. The legal opium consumption of Hongkong in 1923 amounted to only 186 chests of raw opium.

The further allegation that China is hampered in her anti-opium efforts by extraterritoriality is equally

frivolous. Foreigners are, and have been, engaged in the illicit opium traffic, but the evil for which they are responsible is infinitesimal compared with that caused by the Chinese authorities in a single province, such as Yunnan or Szechwan, and most States with extra-territorial rights inflict severe penalties upon any of their nationals who are caught engaged in this traffic. The Chinese have a legitimate grievance against the Portuguese Colony of Macao, which imports opium in quantities out of all proportion to its own requirements, and whose administration is supported mainly by gambling and opium licenses. But even if Macao and its iniquities were abolished the opium problem in China would still remain.

Opium and militarism to-day are twin evils, interdependent, and each indestructible without the other. And my own opinion is that the only practical means of dealing with the opium problem is to go back to the beginning, relegalize the traffic for a fixed term of years, and endeavour to centralize its control, and utilize the revenues derived to meet the expenses of disbandment. It is futile to hope that opium will ever be abolished by the presence on the statute books of laws to which no one now pays the slightest attention. The fact has to be faced that China has relapsed into a condition worse than that in which she was placed when the Opium Suppression Decrees of 1906 were issued. For, even if she does not produce quite as much opium

to-day as she did then, she now has to deal with a problem complicated by the fact that the provincial authorities, especially the militarists, no longer pay the slightest attention to the orders of Peking. It seems logical to suggest that the best means to handle the opium problem is to secure control of the cultivation, transportation, and sale of the drug, and there is little hope of this being effected unless the militarists can—to put it bluntly—be bought out.

CHAPTER XI

EXTRATERRITORIALITY

ONE of the most troublesome problems of to-day in China is the question of extraterritoriality. Extraterritoriality has been defined as "an exemption from the operation of local law, granted either by usage or by treaty, on account of differences in law, custom, and social habits of civilized nations from those of uncivilized nations." In China extraterritoriality is a treaty right, which is still enjoyed by the nationals of a number of foreign States, namely, Belgium, Brazil, Denmark, France, Great Britain, Italy, Japan, Mexico, the Netherlands, Norway, Peru, Portugal, Spain, Sweden, Switzerland, and the United States. Extraterritorial rights were also held until recently by Russians, Germans, and Austro-Hungarians. The Germans and the Austro-Hungarians lost this right as a result of China's participation in the Great War. The extraterritorial status of the Russians was cancelled in 1920, when the Chinese Government formally withdrew its recognition of the Tsarist Minister and Consuls and, for the time being, refused to recognize the Soviet Government. In the Sino-Russian Treaty of May 31, 1924, the Soviet Government expressly agreed

to relinquish the rights of extraterritoriality. The last State to obtain extraterritorial rights was Switzerland, by virtue of her treaty of June 13, 1918.

According to the Chinese view, the extraterritorial rights of foreigners in China originated "in the contumacy and lawlessness of British and other foreign adventurers," who "early began to withdraw themselves by open defiance from the operation of local laws." That, of course, is not the foreign view, which may be conveniently summarized under three heads :

1. The attitude of the Chinese official towards foreigners during the early days of foreign intercourse with China. They were, according to the Confucian commentator, Su Tung-po, quoted by Father Premare, "barbarians," who "are like beasts, and not to be ruled on the same principles as Chinese. Were one to attempt controlling them by the great maxims of reason, it would tend to nothing but the greatest confusion. The ancient sovereigns well understood this, and accordingly ruled the barbarians by misrule. Therefore to rule barbarians by misrule is the true and best way of ruling them."

How this theory worked out in practice may be seen from the treatment of foreigners previous to the Nanking Treaty of 1842. They were restricted to trading at one port only—Canton. There they were confined to a small factory-district on the river-front, and forbidden under any pretext to enter the city.

They were not supposed to engage Chinese servants, to enter into direct relations with any Chinese officials or to use sedan chairs. They were forbidden to row for pleasure on the river, and only on three days a month, under the escort of an official interpreter, were they permitted to take the air in the flower gardens across the river. They had to return to Macao at the end of each trading season. And the Chinese authorities would not recognize, or have any dealings with, diplomatic or consular officials entrusted with the protection of their interests.

2. Differences between foreign and Chinese laws, especially in regard to homicide. Death was the penalty for murder and manslaughter alike, decapitation being the penalty for the former, and strangulation for the latter. There are several cases on record in which foreigners were executed by the Chinese for purely accidental homicide, a typical example being that of the gunner of the ship *Lady Hughes*, who was accused of causing the death of a Chinese by firing a saluting gun in November 1784. His surrender to the local authorities was demanded, and, on meeting with a refusal, the Chinese arrested and carried off the supercargo of the vessel as a hostage. He was only released when the gunner was handed over. The unfortunate gunner was strangled on January 8, 1875, in obedience to orders from Peking, which must have been dispatched before there had even been the

semblance of a trial. It is worth recording that, despite Chinese allegations regarding British contumacy and lawlessness, in the century preceding 1833 there were not more than half a dozen cases in which homicide, malicious or accidental, was alleged against British subjects.

3. The Chinese doctrine of collective responsibility. On several occasions the entire commerce of Canton was brought to a standstill, and the whole foreign community was subjected to every conceivable form of indignity and humiliation, because of the alleged misconduct of an individual. The plight of the foreign merchant was thus graphically described by the East India Company's Select Committee in 1821 :

Thus we see our situation clearly made responsible for the acts of between two and three thousand individuals, who are daily coming in contact with the lowest of the Chinese, and are exposed to assaults so wanton, and often so barbarous, as well as to robberies so extensive, that self-defence imposes upon them the necessity of attacking their assailants in a manner from whence death must ensue. A great and important commerce is instantly suspended, whole fleets at times detained, ourselves liable to seizure, and to be the medium of surrendering a man to death whose crime is only self-defence or obedience to orders, or else to lend ourselves to the most detestable falsehoods, in order to support a fabricated statement which may save the credit of the officers of the Chinese Government.

The British Government had contemplated the establishment of special courts to try British subjects in China and Chinese waters as early as 1833. But the recognition of the extraterritorial status of Britons

and Americans was not formally conceded by the Chinese until after the so-called Opium War. The development of extraterritorial rights is thus summarized in the *China Year Book*:

The Treaty of Nanking between Great Britain and China made no specific mention of extraterritoriality, but provided (Article II) for the appointment of consular officers to reside at the five open ports, "to be the medium of communication between the Chinese authorities and the said merchants, and to see that the just duties and other dues of the Chinese Government . . . are duly discharged by Her Britannic Majesty's subjects." General Regulations for the British trade at the five open ports were drafted in July 1843, and No. 13 enacted that provision was to be made for the punishment of English and Chinese criminals according to the laws of their respective countries and at the hands of their respective officials. By the Treaty of Tientsin, 1858, this regulation was amended, and the subject was dealt with in Articles XV, XVI, and XVII. Article XV read: "All questions in regard to rights, whether of property or person, arising between British subjects, shall be subject to the jurisdiction of the British authorities." Article XVI read: "Chinese subjects who may be guilty of any criminal act towards British subjects shall be arrested and punished by the Chinese authorities, according to the laws of China. British subjects who may commit any crime in China shall be tried and punished by the Consul, or other public functionary authorized thereto, according to the laws of Great Britain."

In 1844, however, the principle of extraterritoriality was clearly laid down in the Treaty between the United States and China in the wording subsequently followed in the Treaty of Tientsin above quoted, and a similar clause has since been inserted in the treaties of other Powers.

In the Chefoo Agreement (Section II) the subject was again amplified, Clause 3 reading: "It is agreed that, whenever a crime is committed affecting the person or property of a British subject, whether in the interior or at open ports, the British Minister shall be free to send officers to the spot to be present at the investigation. . . . It is further understood that, so long as the laws of the two countries differ

from each other, there can be but one principle to guide judicial proceedings in mixed cases in China, namely, that the case is tried by the official of the defendant's nationality, the official of the plaintiff's nationality merely attending to watch the proceedings in the interests of justice. . . . The law administered will be the law of the nationality of the officer trying the case."

The principle was more elaborately worded in the Supplementary Treaty between the United States and China, signed at Peking, November 17, 1880. Article IV of this treaty reads :

"When controversies arise in the Chinese Empire between citizens of the United States and subjects of His Imperial Majesty, which need to be examined and decided by the public officers of the two nations, it is agreed between the Governments of the United States and China that such cases shall be tried by the proper official of the nationality of the defendant. The properly authorized official of the plaintiff's nationality shall be freely permitted to attend the trial, and shall be treated with the courtesy due to his position. He shall be granted all proper facilities for watching the proceedings in the interests of justice. . . . If he so desires, he shall have the right to present, to examine, and to cross-examine witnesses. If he is dissatisfied with the proceedings he shall be permitted to protest against them in detail. The law administered will be the law of the nationality of the officer trying the case."

Other nations acquired extraterritorial rights either by specific provisions or the inclusion of a "most favoured nation" clause in their treaties with China. At an early stage the British Government established a Supreme Court at Shanghai, with jurisdiction over all British subjects in China, though minor civil and criminal cases were, and still are, left to the local Consul to be dealt with.

The result of the recognition of extraterritoriality is that, when a Chinese or a foreigner of any nationality

prefers a criminal charge or files a civil suit against, say, a British subject, the accused or defendant, as the case may be, is tried in a British court. The British tribunal, however, has jurisdiction only over the accused or defendant. It cannot, in a civil suit, entertain a counter-claim against the national of another State. Nor can it, except by the courtesy of other foreign or Chinese tribunals, compel the attendance of non-British witnesses. In a case of alleged piracy about twenty years ago three accused of different nationalities were involved, and each had to be tried separately, before his own authorities.

The British Supreme Court is the only tribunal in China which uses the jury system in civil and criminal causes. An appeal lies from the British Supreme Court to a Full Court—of which the Chief Justice of Hongkong is a member—and, in certain circumstances, to the Privy Council. The British Supreme Court has limited jurisdiction in divorce, and full jurisdiction in Admiralty, probate, civil and criminal cases. American jurisdiction has been exercised, since 1906, by a United States Court for China, with headquarters also at Shanghai. The French and Japanese also have judicial officials in China. Most of the other Powers entrust the jurisdiction over their nationals to their consular officials.

It will be noticed that both the British and American Treaties contain reciprocal provisions for the presence

of an official of the plaintiff's nationality, in cases in which Chinese are parties, to "watch the proceedings in the interests of justice."

A curious outgrowth of the extraterritorial system, to which brief reference must be made, is the Shanghai Mixed Court. When Shanghai was opened, an area was set apart for foreign residence and trade outside the city walls. There was an influx of Chinese refugees into this area, now known as the International Settlement, during the Taiping rebellion. Difficulties soon arose in connexion with the control of the Chinese element. It was considered undesirable that a Chinese court should function in a foreign-administered Settlement, and, at first, jurisdiction over petty offenders was exercised by the British Consul-General, only the more serious cases being sent to the Chinese magistrates. In 1864 a so-called Mixed Court was established. The presiding officer was a deputy of the Shanghai magistrate, and a foreign Assessor always sat with him on the bench in cases in which foreign or municipal interests were involved.

This court was recognized by the Chefoo Agreement of 1876. The Mixed Court, as the Chinese population in the Settlement increased, became a very important tribunal, dealing, probably, with more civil and criminal cases per day than any other court in the world. It also became a centre of serious abuses. The court was entirely under the control of the Chinese

magistrates, many of whom were notoriously corrupt. Male prisoners served their sentences in a municipal gaol ; but female convicts, and defendants (and often witnesses) in civil cases, were imprisoned on the court premises, in the custody of the magistrates and their "runners." Many serious irregularities were discovered in connexion with the Mixed Court gaol from time to time, and the municipality endeavoured to cope with some of them by demanding the imprisonment of female convicts in the municipal gaol. Insistence upon this point was made the pretext for a serious riot in 1905.

When the Revolution broke out in 1911 the Mixed Court system threatened to break down. There were no Chinese authorities capable of assuming responsibility for its administration, and in the circumstances the Consular Body decided to take over the court, appoint the magistrates, and entrust the court registry and gaol to the municipal police. This system has, on the whole, worked smoothly, and has led to the eradication of some of the graver abuses. But, for the past three or four years, the Chinese have been pressing for the restoration of the court to Chinese control, and its future status has not yet been settled.

I shall now deal briefly with some of the Chinese objections to extraterritoriality. It is contended, in the first place, that it is an infringement of China's sovereignty. This, of course, is quite true. No

sovereign, independent State would tolerate the existence of such a system within its territory. Again, it is argued that it is rendered inefficient by the multiplicity of jurisdictions, procedure, etc., and the incompetence and partiality of some, at least, of the foreign consular tribunals. This objection also has a basis of fact. There have been numerous instances in which there has been a conflict of laws between different tribunals. And some of the Governments with insignificant commercial and political interests in China have given very serious grounds for complaint to foreigners and Chinese alike. Perhaps the Spanish, Cuban, Brazilian, and Portuguese consular officials have been the worst offenders.

The Spanish Consuls have not only been notorious for their protection of professional gamblers, but, of late years, have made a practice of issuing naturalization papers to non-Spaniards on the flimsiest of pretexts. At one time numbers of Chinese who by no possible stretch of the imagination could claim Spanish nationality were accorded Spanish protection. And quite recently the Spanish Consul at Shanghai has claimed jurisdiction over an Indian-born Jew, who repudiated his British status, claimed French protection on the ground that his father had been a Turk, and now blossoms forth as a Spanish protégé on the ground that a recent ordinance gave the option of Spanish protection to Sephardic Jews. The

Brazilian Consulates appear to have few interests but the protection of professional gamblers, and the same, at one time, was true of the Cuban Consulates. The Portuguese at various times have accorded protection to Chinese of questionable character, on the pretext that they hail from Macao.

This juggling with nationality leads to many serious complications, unscrupulous foreigners and Chinese alike flitting from one jurisdiction to another, with the result that persons having *bona-fide* claims against them often find that they have no redress.

Finally, the Chinese maintain that so long as extra-territoriality prevails, it is impossible for them to throw open their country to foreign residence and trade. Under the treaties any foreigners who may commit an offence, or against whom a civil case is brought, in the interior, must be dealt with by the nearest consular official of their nationality. There have been cases in which it has been necessary to send foreigners and witnesses, under escort, several weeks' journey to the coast for trial. At the present time foreign residence and trade is limited to some fifty Treaty and open ports. Even to-day foreigners, other than diplomats, missionaries, and employés of the Chinese Government are not entitled, by treaty, to reside in Peking.

It is obvious that, if the Chinese contentions are
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admitted, there must be very grave reasons for influencing the foreign communities in China in their uncompromising hostility towards the unconditional abolition of extraterritoriality. And with some of these I shall now deal.

The Anglo-Chinese Commercial Treaty of 1902 contained the following clause :

China having expressed a strong desire to reform her judicial system, and to bring it into accord with that of Western nations, Great Britain agrees to give every assistance to such reform, and she will also be prepared to relinquish her extraterritorial rights when she is satisfied that the state of the Chinese laws, the arrangements for their administration, and other considerations, warrant her in so doing.

1. *The State of the Chinese Laws :*

British assistance has not been sought by China in connexion with the drafting of her new codes, which has been undertaken by a Chinese Law Codification Commission, in collaboration with the Ministry of Justice, and with the assistance of French and Japanese advisers. A number of new codes, of most of which English or French translations have been published, have been promulgated since 1911, including a criminal code, various commercial laws, a mining law, a trade mark law, and various laws relating to courts and procedure. Whether these laws, or any of them, are really satisfactory, has never yet been proved, as they have never been generally enforced. Many of them

are open to serious criticism, especially from the Anglo-Saxon standpoint. They are based largely on French and Japanese jurisprudence. To a considerable extent they place the onus of proving his innocence upon the accused. They invest the procurators and the courts with powers of detention and isolation of untried persons which would be regarded as outrageous in England or America.

2. The arrangements for their administration :

M. Georges Padoux, one of the French experts attached to the Law Codification Commission, recently wrote :

The present administration of civil and penal justice in China affords a striking illustration of the difficulties attending the application of legislative provisions which are not in harmony with the customs and prevalent ideas of the population. In civil matters the law in force is mostly the Ta Ching Lu Li, many parts of which have become practically obsolete. The Judges of the Supreme Court have to display a good deal of ingenuity in order to adapt these old rules to the needs of contemporary China, and to the evolution which takes place now in the organization of the Chinese family. The adaptation sometimes goes so far as to almost entirely set aside the old rule (see the recently published summaries of judgments of the Supreme Court). In penal matters a new code has been enacted in 1912, but it is far ahead of the social conditions of a large part of the territory. It is not applied in the remote corners of most of the provinces, and it is sometimes ignored even in Peking. During the last few years, for instance, it has been a common practice to order by presidential mandate the confiscation of the property of overthrown political leaders although general confiscation has been expressly abolished by the penal code.

M. Escarra, the other French legal adviser, wrote, less than two years ago :

Although circumstances have not altered except for the worse, the extraterritoriality problem enters upon a new phase with the decision now reached. Now, and for the remote future, abolition of extra-territorial jurisdiction is out of the question.

The views of these experts cannot be ignored. But I may perhaps be justified in attempting to show, by actual illustrations, the defects in the arrangements for the administration of China's laws.

First and most important is the fact that the Government at Peking exercises no real control over any part of the country. To mention but two examples :

It cannot even ensure that the courts it attempts to establish will be accepted by the provincial authorities. A few years ago the Governor of Chekiang calmly abolished certain courts which had been established under the orders of the Ministry of Justice, and, when remonstrated with, replied that he did not wish to hear anything more about the matter, as in his opinion these courts should never have been established.

Early in 1925 the Provisional Chief Executive issued a general amnesty applicable not only to convicts, but to persons under trial. Two Russians, former employés of the Chinese Eastern Railway, were awaiting trial on charges which unquestionably came within the scope of the amnesty. But the Manchurian

officials, under Bolshevik pressure, simply ignored the amnesty, and the prisoners were held in custody until September of this year.

We come once more to the fact that while militarism is in the saddle in China the powers of the civil authorities can only be exercised with the approval or consent of the militarists.

Another very serious factor is the immunity of the militarist from the ordinary law of the land. Soldiers, no matter what their rank, are exempt from every form of civil jurisdiction. Criminal offences, or civil claims, must be tried before specially constituted courts martial, and the trial only takes place as an act of grace on the part of the defendant's superiors. If a court martial be convened no lawyer is allowed to the plaintiff or complainant, the hearing is *in camera*, no access to the record of testimony is permitted, and the court's decision is subject to annulment or confirmation by the officer convening the court martial. As most of the officials holding what we should regard as civil posts—such as governorships, police commissionerships, etc.—also hold military rank, the effect of the privileged position of the military is that in nearly every case in which an official is guilty of oppression, extortion, or blackmail, he escapes by virtue of his immunity from civil procedure.

The civil officials also enjoy limited immunity from the ordinary laws. Any acts committed in their

official capacity must, if they become the subject of judicial proceedings, go before the so-called Administrative Court, whose duties are "to try all illegal acts of public officials with the exception of cases expressly placed by law under the jurisdiction of other organs." The system, of course, is copied from the French, but without the machinery provided by the French *Tribunaux des Conflits* to decide what are and are not administrative acts. Moreover, the Administrative Court is expressly prohibited from entertaining any claims for damages. All that the plaintiff can secure is the rescission of the ruling of an official. Oral testimony is not usually permitted.

A case recently occurred in Tientsin which illustrates the difficulty—in this instance the impossibility—of obtaining an impartial hearing of serious charges against a high official. The Tientsin Police Commissioner, who holds the rank of Major-General in the Army, is alleged to have endeavoured first by persuasion, subsequently by coercion, and finally by confiscation, to obtain possession of a quantity of property for which a well-known Chinese family had held the title deeds, unchallenged, since 1898 and 1904. He is alleged first to have demanded its sale at a nominal price—to which the owner would not agree, as it was mortgaged to a foreign bank. Next he is alleged to have had the owner kidnapped, locked up at his headquarters, and compelled to sign an undertaking

to sell the property "at a price which the police authorities might consider reasonable." Finally, he is alleged to have issued a warrant for the arrest of the owner, on the ground that his title deeds were forgeries. The owner had to flee from the port, having no means of securing redress. He could not bring a suit in the Administrative Court because the Police Commissioner held military rank. He could not sue him in an ordinary civil court because he was an official. And he could not institute proceedings before a court martial because only the Civil Governor of the province outranked the Police Commissioner, and he declined to take any action.

Seeing that there are now nearly one million and a half men under arms in China, and that the militarists are the most persistent lawbreakers in the Republic, their immunity from the jurisdiction of the ordinary courts presents a very grave problem. They have been responsible for the revival of the opium traffic, for the misappropriation of hundreds of millions of dollars of Salt and Railway Revenues, and other national receipts, and for wholesale looting and extortion, yet it is very rarely that one hears of the punishment of a military offender. Most of the coolies with rifles do just as they please in China, the police and the civil authorities knowing better than to incur the consequences of their wrath by interfering.

An independent judiciary is an essential to the

impartial administration of justice. In China this does not exist. I have already referred to the case of the Russians in Manchuria, and to the truculence of the Governor of Chekiang. Let us see, now, how such interference operates in cases in which foreigners seek redress. Tientsin is the centre of a large export trade in raw cotton. The cotton is grown all over North China, collected by the agents of Chinese buyers, and, when destined for export, delivered by them to the foreign exporter. For years past it has been the custom for foreign exporters to contract forward in July or August, when the prospects of the cotton crop are pretty well known, for delivery in the last three months of the year. In 1923 the cotton crop was above the average. Contracts for purchase of large quantities for export were made at Tls. 23 to 28 per picul (133½ lb.).

In September there was a serious earthquake at Tokio, and for a moment the cotton market threatened to go to pieces. Later there was a brisk demand for cotton to replace the Tokio stocks, and prices began to soar, eventually reaching Tls. 43 per picul. The Chinese dealers thereupon repudiated nearly all of their forward contracts with foreign exporters in order to meet the Japanese demand. Cotton actually on its way to Tientsin under transit passes was diverted and delivered to Japanese buyers. The Civil Governor, the Police Commissioner, and the Chinese Chamber of

Commerce were all appealed to, to assist in stopping this fraud, but in vain. The foreign merchants then attempted to sue the Chinese with whom they had contracted for delivery, but the Civil Governor thereupon announced that forward purchases of cotton constituted an illegal gambling transaction ; and up to this day the local Chinese authorities have refused even to serve the writs asked for by the foreign firms, who have had to bear the entire loss caused by Chinese dishonesty.

The inconveniences, not to say dangers, to which foreigners are exposed when they come under Chinese jurisdiction may be illustrated by the cases of two German doctors practising in Tientsin. In the first case the German doctor was charged under Article 326 of the Chinese Criminal Code with causing the death of a boy patient upon whom he had performed an operation. The Article in question reads :

“ Whoever fails to give the necessary attention to his occupation, and in consequence causes death or injury to any person, shall be punished with imprisonment for a period not severer than the fourth degree—i.e. more than one year and less than three years—or detention, or fine of not more than two thousand yuan (dollars).”

The operation in connexion with which this charge was preferred was performed under an anæsthetic on June 3, 1922. The patient died under the

anæsthetic ; and the doctor testified that the amount of chloroform used was very small, that it was quite fresh, and that he had carefully examined the patient before administering it. He attributed death to a weakness of the heart which had not been apparent at his examination. A Chinese Coroner examined the body after death. This functionary was a barber—who in China comes from the lowest class—who had no scientific knowledge. As a result of his examination he confirmed what the doctor had told him, that the boy had died from the anæsthetic, and not from the actual operation. The local court found the doctor guilty, and condemned him to a fine of two thousand dollars, on July 6.

The case was then appealed to the higher Provincial Court, which upheld the original verdict, and thence to the Supreme Court, which, on December 14, 1922, ordered a retrial. The retrial took place in the higher Provincial Court the following April. It reaffirmed the decision, but reduced the fine to one thousand dollars. The case was once more taken to the Supreme Court, which, on August 9, 1923, once more dismissed the judgment of the Provincial Court, and ordered yet another trial. The third judgment of the Provincial Court, delivered on May 12, 1924, again condemned the accused to a fine of \$1,000. On October 27 yet another trial was ordered by the Supreme Court, and the case was eventually disposed of on January 21,

1925, by the amnesty of the Chief Executive. This, however, does not preclude a civil suit for damages. It is stated that during the hearings in the Provincial Court facts, the opinions of the complainants and legal arguments were inextricably confused. Much of the expert evidence offered by the German doctor was refused, though that of the Coroner, which contained a quantity of superstitious nonsense, was accepted. The cause of the death and the blame for bringing it about were treated by the court as one and the same thing. In the hearing of May 1924 important evidence favourable to the accused was rejected, and the Coroner's report was again made use of, though its admission had been one of the Supreme Court's reasons for ordering a retrial. And on this occasion, also, evidence to the effect that the parents had not given their consent to the use of chloroform was introduced for the first time, although the Supreme Court held that there was absolutely no proof of lack of consent.

In the other case another German doctor was charged, under the same section of the Criminal Code, with causing the death of a female patient. The woman in question had been successfully operated upon for some internal complaint, and had made satisfactory progress for seven days, when she was called upon in the nursing-home by a friend of her husband's, with whom, according to the evidence, she had a violent

quarrel. As a result her heart collapsed, and, though every effort was made to revive her, she became weaker and weaker, and died the following day. In this instance the maximum penalty of \$2,000 was imposed at successive trials, and it is alleged that the verdict against the accused was mainly due to the mistranslation of the evidence of another foreign doctor.

These cases are of interest as revealing the reluctance or inability of the Supreme Court definitely to quash an improper verdict, and the defiance of the Supreme Court's rulings by provincial tribunals. Many cases might be cited to show that the laws of China exist only upon paper, and that what Dicey defines as the "rule of law" is unknown. But the above cases should suffice to establish this point.

There is the further objection that, while nominally abolished, torture is still in very general use in Chinese tribunals, witnesses as well as suspects being subject thereto. Further, summary executions, without even the semblance of a trial, are frequent. "Little" Hsu (General Hsu Shu-tseng), who as Industrial Commissioner has recently been so much in the limelight in Europe, is notorious for the summary execution of General Lu Chien-chang in his back garden in Tientsin. The Tuchun of Hupeh a few years ago had Shih Yang, a Chinese lawyer, who had identified himself with the agitation among the railwaymen, arrested and shot.

A dispatch from Changsha, dated May 18 of this year, recorded the execution of a newspaper editor after a summary trial by court martial, because the local General was enraged at the publication of an article alleging extortion on the part of the Army. In February 1924 a number of alleged bandits were rounded up in Lintsing Country, Shantung, disarmed, and massacred in cold blood. The victims included men, women, and children. They were lined up against a wall and used as targets by the soldiery, who were so pleased with their work of butchery that they suspended operations for refreshments while a photographer was sent for to photograph the spectacle. His photograph showed a number of living among the dead, including some children, who were awaiting the same fate after he had taken the picture.

“As if this were not enough”—I quote from the letter of a missionary in the district—“four days ago a memorial service was held for the soldiers killed in the campaign, at which time three of the bandits held for the purpose were tortured for over three hours. From these living victims, their tormentors cut the ears, the nose, and then slices of flesh from different parts of the body. These things seem hard to believe in this day and age, but they have taken place within a week in our own city, and members of our force of workers were present and witnessed them.”

The objections of the foreign communities in China

to the immediate or future unconditional abolition of extraterritoriality may be briefly summarized as follows :

(1) The absence of any central judicial Authority whose decisions will be accepted and loyally acted upon by the courts of law throughout the country.

(2) The impossibility of securing an impartial hearing of civil and criminal cases owing to :

(a) The absence of a trained and competent judiciary ;

(b) The constant interference with, and dictation to, the provincial and local courts by the military and civil authorities ;

(c) The impracticability of securing redress against, or the punishment of, civil or military officials, from the lowest to the highest ranks ;

(d) The incompleteness of the Chinese codes, especially those dealing with civil cases ;

(e) The prevalence of torture and intimidation (of accused and witnesses alike) at the present day.

(3) The lack of efficient gaol arrangements. Although it is claimed that a number of modern prisons have been established, the funds for their upkeep are not regularly available, and the treatment of many foreigners under Chinese jurisdiction in recent years has been little short of barbarous.

(4) The prevalence of corruption in official circles.

(5) The absence in most parts of China (a few of

the principal cities excepted) of any organization corresponding to a modern police force.

(6) The haphazard and arbitrary methods of taxation at present employed throughout the country, both as regards trade and the individual. The immunity of the foreigner from these exactions is a privilege not lightly to be surrendered, at any rate until a serious attempt is made to collect taxes impartially and upon a uniform basis. The probability is that the premature surrender of extraterritorial rights would result in exactions upon, and interference with, foreigners which would make their position intolerable.

(7) The ineffectiveness of China's present laws, which appear to be made only to be violated openly and persistently, throughout the country.

The relinquishment of extraterritoriality, even if foreigners were dealt with only by specially established modern courts, would mean that they became objects for experiment, while the laws of the land were inoperative throughout the length and breadth of the country.

3. *Other Considerations :*

The British, American, and Japanese Commercial Treaties surely meant to apply certain standards to the administration of justice over the Chinese themselves by their own authorities, before permitting foreigners to be experimented with. And the retention

of extraterritoriality until these standards have been attained is as much in the interests of the Chinese as of the foreigners themselves. As a veteran missionary (the late Rev. Arnold Foster) put it in a lecture upon extraterritoriality given some fifteen years ago :

But the thought which I am anxious to emphasize in closing this lecture is this—that China cannot come to deal fairly, rightly, and humanely with *foreigners alone*. Every guarantee given to *foreigners* for their proper treatment as dwellers in China must soon become a guarantee, also, to the people of China that they, too, shall henceforth receive for themselves a like justice and consideration to that which the superior power of the Western nations *has demanded as a right* in the case of every citizen coming from Western lands. Let every patriotic Chinaman . . . think with himself :

This state of liberty, this security for life and property in China, this immunity from torture and from official oppression, corruption, and injustice which foreign Governments *demand* from China for their respective countries, enforcing the demand where necessary, through foreign Consuls and by diplomatic pressure—this, and nothing less than this, is what *we Chinese* have to seek to obtain as a matter of course from our rulers for ourselves. We shall *not* get it, however, by first depriving the foreigner of it, or by subjecting him to all the injustice to which our own nationals subject us.

Although some missionaries, chiefly Americans, have gone on record as favouring the early abolition of extraterritoriality during the recent crisis, they are by no means unanimous in this attitude. A questionnaire recently circulated among the missionaries in North China produced a number of replies deprecating any premature concessions, from one of which, only, will I quote here. It is from a well-known American

missionary of long-standing and distinguished service. He wrote :

I believe that the abolition of extraterritoriality in the present situation would be absolutely fatal to most of the work that has been built up during the past decades. Not only Christian work, but all other progressive movements would suffer a most severe set-back. There is a lot of loose talking, some due to loose thinking, and, I fear, some to the desire to curry favour with the Chinese ; for example, Senator Borah's statement re the abolition of extraterritoriality, "as soon as possible," which some 160 North China missionaries hastened to approve.

Of course we all favour its abolition "as soon as possible," but what is the use of simply talking just to fool the Chinese or our political constituency, when we are not really saying anything ?

The Washington Conference outlined the orderly processes by which, and only by which, the change should take place ; and it is showing no friendship to China in her present hysterical state to give her the least encouragement in thinking that it can be abolished by any other method. Unquestionably such a realization of our hopes has been postponed from ten to twenty years by the recent hysterical outbreaks.

The terms of the Washington resolution were :

The representatives of the Powers hereinafter named, participating in the discussion of Pacific and Far Eastern questions in the Conference on the Limitation of Armament, to wit the United States of America, Belgium, the British Empire, France, Italy, Japan, the Netherlands, and Portugal ;

Having taken note of the fact that in the Treaty between Great Britain and China dated September 5, 1902, in the Treaty between the United States and China dated October 8, 1903, and in the Treaty between Japan and China dated October 8, 1903, these several Powers have agreed to give every assistance towards the attainment by the Chinese Government of its expressed desire to reform its judicial system and to bring it into accord with that of Western nations, and

have declared that they are also "prepared to relinquish extraterritorial rights when satisfied that the state of the Chinese laws, the arrangements for their administration, and other considerations warrant" them in so doing;

Being sympathetically disposed towards furthering in this regard the aspiration to which the Chinese delegation gave expression on November 16, 1921, to the effect that "immediately, or as soon as circumstances will permit, existing limitations upon China's political, jurisdictional, and administrative freedom of action are to be removed";

Considering that any determination in regard to such action as might be appropriate to this end must depend upon the ascertainment and appreciation of complicated states of fact in regard to the laws and the judicial system and the methods of judicial administration of China, which this conference is not in a position to determine;

Have resolved:

That the Governments of the Powers above named shall establish a commission (to which each of the Governments shall appoint one member) to inquire into the present practice of extraterritorial jurisdiction in China, and into the laws and the judicial system and the methods of judicial administration of China, with a view to reporting to the Governments of the several Powers above named their findings of fact in regard to these matters, and their recommendations as to such means as they may find suitable to improve the existing conditions of the administration of justice in China, and to assist and further the efforts of the Chinese Government to effect such legislation and judicial reforms as would warrant the several Powers in relinquishing, either progressively or otherwise, their respective rights of extraterritoriality;

That the commission herein contemplated shall be constituted within three months after the adjournment of the conference in accordance with detailed arrangements to be hereafter agreed upon by the Governments of the Powers above named, and shall be instructed to submit its report and recommendations within one year after the first meeting of the commission.

That each of the Powers above named shall be deemed free to accept

or to reject all or any portion of the recommendations of the commission herein contemplated, but that in no case shall any of the said Powers make its acceptance of all or any portion of such recommendations either directly or indirectly dependent on the granting by China of any special concession, benefit or immunity, whether political or economic.

ADDITIONAL RESOLUTION

That non-signatory Powers, having by treaty extraterritorial rights in China, may accede to the resolution affecting extraterritoriality and the administration of justice in China by depositing within three months after the adjournment of the conference a written notice of accession with the Government of the United States for communication by it to each of the signatory Powers.

ADDITIONAL RESOLUTION

That China, having taken note of the resolutions affecting the establishment of a commission to investigate and report upon extraterritoriality and the administration of justice in China, expresses its satisfaction with the sympathetic disposition of the Powers hereinbefore named in regard to the aspiration of the Chinese Government to secure the abolition of extraterritoriality in China, and declares its intention to appoint a representative who shall have the right to sit as a member of the said commission, it being understood that China shall be deemed free to accept or reject any or all of the recommendations of the commission. Furthermore, China is prepared to co-operate in the work of this commission and to afford it every possible facility for the successful accomplishment of its tasks.

Adopted by the Conference on the Limitation of Armament at the Fourth Plenary Session, December 10, 1910.

The formation of the International Commission on Extraterritoriality was postponed owing to the fact that China became involved in one of her periodical

civil wars about the time that it should have met. The Chinese Government itself requested a postponement, and conditions during the intervening years have hardly been such as to warrant the dispatch of foreign jurists to China. The Powers concerned have now agreed to nominate their representatives on the commission, but, as they pointed out in identic notes, delivered to the Chinese Foreign Minister in Peking on September 4, 1925 :

The establishment of courts and the enactment of laws, however, do not in themselves meet all the requirements of the situation. Courts cannot function and develop properly or consistently without the aid of a stable Government capable and willing to maintain them and enforce their findings and decisions. It is regretted that the inability of the Chinese during the past few years fully to enforce the mandate of their authority has made it difficult for the courts and judiciary already established to function in a normal manner.

I do not myself believe that the surrender of extra-territorial rights, either now or in the future, could be effected without the complete dislocation of foreign trade and disastrous results to foreign interests, unless it could be effected gradually and under effective guarantees against the abuse by the Chinese Government of its new powers. I believe that eventually it will be found necessary to adopt some such scheme as that which I first put forward early in 1919, and which has recently been endorsed by one of the editors of the *American Journal of International Law*, and

by the late American Minister at Peking. This was the scheme :

In the reconstruction of China we may exclude the immediate abolition of extraterritoriality as impracticable, but we must not be content with the rejection of China's demand without an undertaking on the part of the foreign powers to do whatever is possible to assist China towards her judicial emancipation. A layman must naturally feel considerable diffidence in offering suggestions regarding a complicated legal problem. He can only hope, at the most, to direct thought into new channels, leaving the details of the scheme to be worked out by legal minds. The problem as it presents itself to us is this : a variety of Foreign Tribunals—some, such as the British Supreme Court and the American Court for China, presided over by experienced judges ; others, far more numerous, presided over by Consular officials—endeavour to administer the laws of their respective nations, as modified to suit local needs, in the Treaty Ports. The result cannot be considered satisfactory. Cases are within our recollection in which three criminals of different nationalities, associates in the same crime, had to be tried by three different courts, the law, and the penalty inflicted, being different in each case. And one can imagine the complexity of a civil action in which (say) a Japanese sued a British subject in connection with property in American hands. If Chinese tribunals cannot be trusted to administer justice to foreigners, is not the logical alternative that all foreign tribunals in this country should administer the same law—Chinese law? Providing acceptable civil and criminal Codes are forthcoming, that, it seems to us, would be the first step in the solution of the problem of extraterritorial jurisdiction. Not only would it simplify legal proceedings in which foreigners are concerned in this country ; it would find precedents and furnish a model for the Chinese courts in the future. It would abolish the complexities arising from the conflict of laws of the various Treaty Powers. If an American instituted civil proceedings against a Briton, in which Japanese interests were involved, the whole case could be threshed out before a Bench composed of a British, an American, and a Japanese judge, *administering the laws of China*. Such absurdities as the case being tried first in the British court, a counter-claim being heard in the American court,

and, finally, proceedings being taken in the Japanese court to give effect to the judgments of the British and American tribunals, would no longer be possible. And where a Chinese was the plaintiff, or an interested party, the Chinese judiciary would have its representative upon the Bench. The adoption of such a scheme would require, as the first step, the promulgation of codes of laws acceptable to foreign legal experts.

This, however, would be but the first step, and only one phase of the reform of China's judicial system. The foreign judges, administering Chinese law, would be available for the hearing of appeals from the Mixed Court, being associated in such hearings with Chinese colleagues of equivalent rank. And, after the system had been tested in the foreign and Chinese courts at Shanghai, the Chinese judges could gradually be assigned wider responsibilities. They could sit, at first, merely as spectators, on the Bench of each foreign court. After a period of probation they could be granted a voice in the proceedings at such courts, the foreign judge or judges for some time having the deciding voice in the court's decision, but in course of time yielding equal authority to the Chinese judge, and in the final phase of reconstruction only acting in an advisory capacity. The foreign judge, in other words, would then assume the rôle accorded by treaty to the Mixed Court assessor, namely, "merely attending to watch the proceedings in the interests of justice," with "power to protest against them in detail" when dissatisfied. The adoption of this plan would result in the abolition of extraterritoriality being divided into three phases: (1) Chinese laws (approved by the Treaty Powers) administered in foreign cases by foreign judges, with Chinese judges as spectators; (2) Foreign and Chinese judges jointly trying such cases with equal powers, in accordance with Chinese law; (3) Chinese judges trying such cases, with foreign judges acting as assessors. The transition from extraterritoriality to China's complete judicial emancipation would thus be accomplished by stages, during which a competent Judiciary could be trained, and sound precedents established. The disappearance from the Bench of the foreign judge, when it came, would not then involve a complete break in the judicial administration, but merely the continuation of a system established, and built up, with foreign aid. The Chinese legal codes would have been tested, and

remedied where found wanting. The foreigner would have become accustomed to submitting to Chinese law, and view the abolition of extraterritoriality without alarm. Senior posts in the Chinese Judiciary would be held by men who had been through, and creditably acquitted themselves, in the model courts. For, though we have spoken only of Shanghai, the reconstruction of the Chinese judicial system would obviously involve an extension of the system inaugurated there to other centres where there were large foreign communities. And, concurrently with the reform of the judicial system, foreign aid would be enlisted in the reform of the Chinese prison system. A number of model prisons have already been established in China, but very much more has to be done to bring the Chinese penal system into line with Western notions of humanity and penology.

CHAPTER XII

FOREIGN RIGHTS AND INTERESTS IN CHINA

PARTLY as a result of the exercise of extraterritoriality, partly as a result of special Treaty stipulations, a number of the Powers have special rights and privileges in China, a description of which is necessary to an understanding of the agitation against the so-called "unequal Treaties" of which so much has been heard of late. The Treaty restrictions upon the Customs tariff, and extraterritoriality itself, have been dealt with in special chapters. I propose now to deal with the existence in China of Foreign Concessions and Settlements.

Foreign residence and trade are restricted under the Treaties to some fifty Treaty ports and marts, and about thirty-four other cities (chiefly in Manchuria) which have been opened to foreign commerce either as a result of recent Treaties or voluntarily on the part of the Chinese Government. In addition, there are some twenty-six ports of call on the Yangtze and the West River, at which foreign vessels are permitted to land and embark passengers and (or) cargo.

In nineteen of the Treaty Ports, namely, Shanghai, Amoy, Canton, Foochow, Ningpo, Hankow, Changsha,

Chungking, Kiukiang, Wuhu, Nanking, Chinkiang, Tsinanfu, Choutsun, Weihsien, Tientsin, Newchwang, Hangchow and Soochow, areas have been set apart for foreign residence and trade, some of which are under foreign municipal control, some of which (such as Tsinan) have been delimited by the Chinese authorities, who retain municipal jurisdiction. A brief description of conditions prevailing at two ports—Shanghai and Tientsin—will suffice to make the status of the Foreign Concessions and Settlement under foreign municipal control clear. In the early days of foreign trade with Shanghai, three areas on the bank of the Whangpoo River, below the city, were set apart for foreign use. They were known respectively as the French Concession and the British and American Settlements.

The French Concession is administered to this day by an elected Council, which is, however, under the direct control of the French Consul-General. The British and American Settlements were amalgamated, and extended, to form the present International Settlement, which is municipally administered by a Council elected by the foreign ratepayers under Land Regulations approved by the Consular Body, the Chinese authorities, and the ratepayers. The Council consists of nine ratepayers, of whom, at present, seven are Britons, one Japanese, and one (the Chairman) an American. The Shanghai Municipal Council has been responsible for the development of the

International Settlement into the commercial metropolis of China. It has a modern and admirably equipped Police Force, Health Department, Public Works Department, Electricity Department, Educational Department, and Volunteer Corps. Shanghai also has an electric tramway system and a large waterworks, which are in the hands of British companies, but are under municipal control.

There have, from time to time, been suggestions that the franchise should be extended to Chinese residents, who are in an overwhelming majority, but this proposal has invariably been rejected, up to the present, owing to political conditions in China. There is a good deal to be said for the view that, until China possesses a stable government, and the military incubus has been removed, Chinese participation in the municipal government of the Settlement would be undesirable, as tending to import into the administration of a large commercial centre factors which would not make for efficiency or progress. The Council has, for some years past, had the benefit of the co-operation of a Chinese Consultative Committee, composed of representatives of the leading commercial interests.

Practically an *imperium in imperio*, with a semi-military police force, and a Volunteer Corps equipped with modern weapons (including artillery, armoured cars, and machine-guns), the Shanghai municipality has been able to defy interference from Chinese

militarists and politicians, and to protect the Settlement from the incursions of Chinese troops during the civil wars which have raged around it since 1911. The Council has vigorously resisted every attempt of the local Chinese authorities or the Peking Government to interfere in the municipal administration, and the Settlement, in addition to becoming one of the world's greatest commercial centres, has become a haven of refuge for many thousands of well-to-do Chinese who desire to live a peaceful existence, free from the oppression and exactions of their own authorities.

In Tientsin we see a different system in operation. Until the Great War there were, lining both sides of the banks of the Haiho below the city, German, British, French, Japanese, Italian, Russian, Austro-Hungarian, and Belgian Concessions. The Russian, German, and Austro-Hungarian Concessions have since been taken over by the Chinese authorities. The British Concession at Tientsin is municipally administered by an elected Council of nine members, one of whom must be an American and one a Chinese. Restricted voting power, designed to prevent municipal control passing into Chinese hands, is granted to Chinese residents. Each of the Foreign Concessions in Tientsin has an elected Council, most of which, however, are under the direct control of the Consul concerned, and maintains its own Police Force, Fire Brigade, Public Works and Health Departments, etc. Chinese are freely permitted

to acquire or lease property in all of them except the original British area—forming now only a small part of the entire British Concession—in which, up to the present, sanction has only been given for the transfer of property to approved Chinese banks.

A Chinese residing in any Foreign Concession, or in the Shanghai Settlement, is still amenable to Chinese law. But the Chinese police do not enjoy the power of arrest. Warrants and summonses must be submitted to the Consul concerned for counter-signature previous to execution, and actually served by the Concession or Settlement police. In practice this means that reasonable safeguards are provided against Chinese official extortion and the persecution of political refugees.

The Settlements and Concessions were first established as a matter of convenience to Chinese and foreigners alike. At Canton, and elsewhere, there was strong opposition to the admission of foreign merchants into the walled cities. The sanitary and other conditions of these cities left—and still leave—much to be desired. In their own Concession or Settlement foreigners could construct roads and Western residences and offices, furnish themselves with suitable recreation grounds, etc., without interfering with the Chinese, or offending their susceptibilities. The best testimony to the security of life and property enjoyed by residents in these areas is the extent to which property has been

purchased or leased within their limits by better-class Chinese.

I may refer here to a complaint which is frequently voiced by Chinese extremists regarding the exclusion of Chinese from the public gardens and recreation grounds. The statement is often made that outside the Public Gardens at Shanghai is a notice reading "Chinese and dogs are not admitted." This is not true, and never has been true. There is, it is true, a series of regulations, in English and Chinese, which prohibit Chinese in one case, and dogs in another, from entering the gardens. But they are separate regulations, and there has never been any suggestion that Chinese and dogs are classed together. When it is argued that the Chinese are affronted by such exclusion it is well to bear in mind one or two important considerations. First, there is the fact that the Public Gardens and Recreation Grounds were originally laid out by the foreign communities for their own use. They no more than suffice for the needs of the foreign residents, who would be crowded out if they were thrown open freely to the Chinese.

Secondly, they constitute the only open spaces to which foreign children can be sent with safety. Infectious and contagious diseases are rife in China. It is conservatively estimated that thirty per cent. of the entire population suffers from trachoma, while scarlet fever, typhus, small-pox, and other diseases

are frequently raging in the Chinese cities, where no attempt to control or isolate them is made. It is, therefore, self-preservation, rather than racial prejudice that leads to the exclusion of Chinese from the open spaces which foreigners have laid out for their own enjoyment. I do not believe that foreigners would feel in the least affronted if the Chinese purchased, developed, and reserved for their own use parks or recreation grounds in the vicinity of the Foreign Concessions or Settlements, although in their case the argument against overcrowding, and the danger of infectious disease, would not apply.

Americans are frequently inclined to make a virtue out of the fact that they own no Concession and do not claim jurisdiction over a square foot of Chinese territory. Their former Settlement at Shanghai was, as I have already stated, amalgamated with the British Settlement to form the present International Settlement. A small strip of territory conceded to them in Tientsin was handed over to the British Municipality to administer—in recognition of which the Land Regulations stipulate that one member of the Council must invariably be an American. And, wherever there is a foreign Concession or Settlement in a Treaty Port, one will usually find that American business men purchase or lease business premises and residences within the foreign municipal area. It is easy to be virtuous when other Governments freely concede to

Americans privileges for which their own Government will not apply direct.

But for the existence of the Foreign Concessions and Settlements in China a great deal more would have been heard in Europe and America of the disorders which have followed the establishment of the Republic. They have constituted oases in which foreigners and Chinese alike have been able to pursue their lawful avocations with a minimum of interference from the militarists and the lawless elements. They have usually escaped injury when the adjacent cities have been overrun by mutinous soldiery and freely looted and burnt. They have been havens of refuge for the Chinese civilian population for miles round in times of civil war. Like extraterritoriality itself, they constitute an infringement of China's sovereign rights. But many thousands of Chinese have reason to be grateful for their existence, and their abolition can only be considered practicable when the Chinese Government is capable of shouldering the responsibilities of sovereignty, as well as clamouring for full sovereign rights.

FOREIGN GARRISONS IN CHINA

The Peace Protocol in 1901, under which China expiated the Boxer outrages of 1900, provided for the establishment of a Legation Quarter in Peking,

which the Powers concerned had the right to administer, and to put into a state of defence, and from which Chinese could be excluded ; and for the maintenance of foreign garrisons in North China, who had the right to occupy certain points along the railway between Peking and Shanhaikuan “ in order to maintain free communication between the capital and the sea.”

During the Boxer troubles the foreign expeditionary forces occupied the city of Tientsin, and only restored it to Chinese administration after the Chinese Government had agreed to the exercise of foreign military jurisdiction—to be exercised for the protection of the railway only—over the railway and a zone extending to two miles on each side, and had undertaken not to station any Chinese troops within seven miles of Tientsin. There are at present American, British, French, Italian, and Japanese garrisons, numbering about five thousand in all, stationed in Peking and Tientsin, and along the Peking-Shanhaikuan Railway. Their principal duty is the prevention of a repetition of the events of 1900, when the Legations were besieged and railway communication with the coast was interrupted. In practice it is impossible, even if it were desirable, for an international force of under 5,000, to occupy 260 miles of railway in sufficient strength to prevent its use by Chinese troops. Three times since 1919 Tientsin has been sandwiched between rival Chinese Armies of 50,000 to 150,000 men each,

and all that the foreign commandants have been able to do has been to place small detachments along the railway to prevent the destruction of track or bridges, and to send through trains under military escort to reopen traffic when China's soldiers have succeeded in producing sufficient chaos to bring the railway to a complete standstill.

The foreign garrisons have, however, produced a good moral effect when the Chinese troops have got out of hand, and it is due mainly to their presence that swarms of demoralized soldiery have passed round and through Tientsin without entering or looting the foreign Concessions. There have also been several occasions when the Legations might again have been in peril, if it had not been for the presence of foreign troops in Peking.

Both at Versailles and at Washington the Chinese delegates maintained that there was no longer any necessity for the presence of foreign garrisons in North China, and requested their withdrawal. At Washington the Powers represented agreed, when so requested by the Chinese Government, to appoint delegates to an impartial commission to inquire into the whole question and report. No request for the convening of this commission has since been made by the Chinese Government, and the events of the past year scarcely support China's contention that she is fully capable of protecting the lives and property of foreigners within her territory.

In addition to the international garrisons in North China, the Japanese have, ever since they took over the South Manchuria Railway from the Russians, maintained garrisons along that railway and its branches. The strength of the Japanese forces in Manchuria is less than a division.

ANGLO-CHINESE RELATIONS

Great Britain still claims the largest share of China's foreign trade, though Japan is a close rival. The latest (1924) Customs returns credit Great Britain with 38.44 and Japan with 30.81 per cent. of China's foreign and coast trade. Great Britain's political interests are also of very great importance, though here, again, she finds a formidable rival in Japan. To Great Britain belongs the main credit of opening up China to foreign trade, and in general she has adhered to the policy enunciated by Lord Aberdeen in 1841: "We seek no exclusive advantages, and demand nothing that we shall not willingly see enjoyed by the subjects of other nations."

British interests do not own a single mile of railway in China. All of the lines constructed and equipped by British capital are Chinese Government property, although in most instances the traffic and accountancy departments are in the hands of British experts. The railways constructed by British capital include

the Peking-Mukden, Shanghai-Nanking, Shanghai-Hangchow-Ningpo, Tientsin-Pukow (southern section), Canton-Kowloon, Canton-Hankow (unfinished northern section), and Taokow-Chinghua. In addition to outstanding capital obligations in respect of these railways, the Chinese Government still owes British interests very large sums for railway equipment. The Chinese Government is also indebted to British capitalists (and for some years has been in default) for the supply of wireless equipment and aeroplanes. The latter were imported specifically for commercial use, but have been seized and utilized for military purposes by the Northern Tuchuns.

Great Britain's municipal Concessions include areas at Amoy, Canton, Hankow, Kiukiang, Chinkiang, Tientsin, and Newchwang. The British Settlement at Shanghai was many years ago merged with the American to form the International Settlement. In these Concessions every facility is generally granted to the subjects of other States, who, with few exceptions, are permitted to acquire or lease property, and granted the same voting power as British subjects.

Hongkong, one of the largest shipping centres in the world, is a British Crown Colony. It is thus described in the official *Commercial Handbook of China*, issued by the American Government :

“ The position of the British colony of Hongkong in the world's trade is unique and without parallel. It is a free port except for a

duty on wines and spirits ; it has relatively few important industries ; it is one of the greatest shipping centres in the world ; it is the distributing point for all the enormous trade of South China and about thirty per cent. of the entire foreign commerce of China. The conditions of Hongkong in its relations to commerce are in every way excellent, and the Government centres all its efforts on fostering trade, while the future is being anticipated by increased dock facilities, the dredging of the fairways, and other improvements. The merchants, both native and foreign, give special attention to the assembling and transshipping of merchandize to and from all the ports of the world, and with the world-wide steamship connexion at Hongkong the necessity of retranshipment at other ports is reduced to a minimum. Hongkong is the financial centre of the East.

The island of Hongkong and a strip of the Kowloon mainland were definitely ceded to Great Britain by the Treaties of 1842 and 1860. A further strip of the mainland was leased to the British Government for 99 years by the Convention of 1898.

In addition to Hongkong and the leased territory of Kowloon, Great Britain, in 1898, secured a lease, "for so long a period as Port Arthur shall remain in the occupation of Russia," of 288 square miles of territory around Weihaiwei, in Shantung. Port Arthur was transferred to Japan as the result of the Russo-Japanese War, but the Chinese until recently made no claim for the retrocession of Weihaiwei. At the Washington Conference, however, with a view to promoting a settlement of the whole Shantung question between China and Japan, the chief British delegate (Earl Balfour) announced the willingness of the British Government to restore Weihaiwei to China, subject

to satisfactory arrangements being made for its continued use as a sanatorium and summer health resort for the British Far Eastern Squadron. There are no other North China ports available for this purpose, except Chefoo and Tsingtao. The former is always used as the summer headquarters of the American Pacific Fleet, and Tsingtao is now an important commercial centre, where it would be unreasonable to expect the grant of the necessary facilities for the prolonged stay of a foreign naval squadron.

An Anglo-Chinese commission met at Weihaiwei in September 1922 to arrange the terms of the rendition of Weihaiwei, and actually drafted and signed an agreement, which was, however, repudiated by the Peking Government. Since this repudiation negotiations have been indefinitely suspended.

Great Britain has a substantial interest in the suppression of opium by virtue of the fact that the Indian Government gave up its lucrative export trade on China's undertaking to suppress domestic production. No sooner, however, did the export of Indian opium cease than the production of Chinese opium on an enormous scale was resumed.

The relations of the Indian Government with Tibet have for some years past formed a subject of frequent controversy between the British and Chinese Governments. Following the signature of the Tibet-Sikkim Convention of 1888, a series of trade regulations for

Tibet was drawn up, and the Chinese Government undertook to enforce them. This it failed to do, and fears of a Russian advance into Tibet induced the Indian Government, in 1904, to send a military expedition to Lhasa, as a result of which a convention was signed providing for the opening of several trade marts. The Tibetan Government also engaged not to cede, sell, or lease any of its territory to any foreign Power, to permit any foreign Power to intervene in Tibetan affairs, to admit representatives or agents of any foreign Power into Tibet, or to grant any concessions for railways, roads, telegraphs, mining, or other rights to any foreign Power.

Subsequently, in 1906, Great Britain concluded a convention with China by which the stipulations of the Lhasa Convention were recognized by the latter, and the British Government engaged "not to annex Tibetan territory or to interfere in the administration of Tibet." Another treaty with Russia, in 1907, engaged the British and Russian Governments to "respect the territorial integrity of Tibet and to abstain from all interference in its internal administration."

China's hold over Tibet had been of the most shadowy description, as evidenced by her inability to enforce the Sikkim Convention Trade Regulations, and the attempts she now made to subdue the Tibetans by force, and convert Tibet into a Chinese province,

led to such incessant unrest on the Indian frontier that the British Government sought to find a solution in China's recognition of Tibetan autonomy under Chinese suzerainty. The negotiations conducted with this object in India and in China have invariably broken down, the main difficulty being an agreement regarding the eastern boundary of autonomous Tibet. In the meantime relations between the Indian and Tibetan Governments have become most cordial. The Dalai Lama sought refuge in India when compelled to flee from Lhasa by a Chinese invasion. On several occasions it has been due to British mediation that Chinese troops, who had exasperated the Tibetans beyond endurance, and were in desperate straits, have been able to leave the country unmolested. British policy in regard to Tibet remains unchanged to-day. There is no desire to annex Tibetan territory, or to interfere in Tibet's domestic policy, but to establish her as an autonomous state under Chinese suzerainty, which will act as a buffer between India and Asiatic Russia.

The British Government was the first of the Treaty Powers to embody, in treaty form, definite arrangements for the abolition of extraterritorial rights and the modification of the present Customs tariff.

As long ago as 1922 Great Britain formally announced her intention of remitting the balance of her share of the Boxer Indemnity, amounting to about

eleven millions sterling, in order that it might be devoted "to purposes mutually beneficial to China and Great Britain." The necessary legislation to give effect to this promise has now been passed, and it only remains to decide on the objects upon which the money is to be spent. There are two schools of thought among foreigners and Chinese on this subject, one urging that the entire amount be allocated to educational projects, the other favouring the utilization of a portion, at least, of the remitted indemnity for public works, such as conservancy, or railway construction. The advocates of the latter policy argue that the use of the indemnity funds for this purpose would confer infinitely greater benefits upon a far larger number of Chinese than could be helped by the use of the entire indemnity for educational purposes. There are large tracts of territory in North and mid-China which are subject to periodical drought and floods simply because the funds and the expert supervision necessary to regulate China's waterways are not available.

SINO-JAPANESE RELATIONS

Japan's influence, political and commercial, has been steadily increasing in China since the conclusion of the Russo-Japanese War, as a result of which she became possessed of the South Manchuria Railway,

Liaotung Leased Territory, and a number of important political and economic interests in Manchuria. The Great War gave her a further opportunity of augmenting her influence, inasmuch as the Western Powers were too preoccupied with the conflict to devote much attention to the Far East. She seized, and annexed, the Kiaochao Leased Territory and the Shantung Railway, and in 1915 endeavoured to impose upon China, by means of an ultimatum, a series of conditions which would virtually have converted China into a Japanese Protectorate. Her Chinese policy between 1914 and 1918 aroused bitter opposition, which found expression in extensive boycotts and other anti-Japanese manifestations. It was not until after the Washington Conference that the Shantung question was settled, under conditions which resulted in the restoration of the former German leased territory and the Shantung Railway to China. An intermittent agitation, however, still continues, aiming at the cancellation of the Liaotung lease, and of the Manchurian railway concessions.

The Japanese dominate South Manchuria. They have virtually acquired a monopoly of China's iron resources in the Yangtze Valley. And China is to-day heavily in debt to Japanese financiers as a result of the indiscriminate and unproductive loans they made to the Anfu Government in 1918. In addition to her extensive railway interests in Manchuria, where she

owns and operates the South Manchuria Railway and its subsidiary enterprises, and has financed and constructed a number of Chinese Government lines, she has financial control of the Kiangsi Railway in the Yangtze Valley. The Japanese have municipal Concessions at Amoy, Hankow, Chungking, Tientsin, Hangchow, and Soochow. They also have the right under the 1915 Treaties to lease land, and engage in agricultural enterprises, and to reside, travel, and engage in business and manufacturing enterprises of every kind throughout South Manchuria.

Although Japan has, superficially, at any rate, abandoned the aggressive policy initiated in 1915, she continues to play a very important, and not always desirable, part in China's domestic affairs. The violently anti-Japanese attitude of Wu Pei-fu and his troops during the civil war of 1924 was attributable to the general belief—which there was much evidence to support—that Japan was financing and supporting Chang Tso-lin in every possible way short of open intervention. A strong protest against her unneutral activities had been prepared, and would have been formally presented but for the "Christian General's" *coup* in October 1924.

It is not altogether surprising that America and Great Britain should no longer be able to reckon upon Japan's whole-hearted co-operation in China. There was no little resentment at the abandonment of the

Anglo-Japanese Alliance, under American pressure, at Washington, and this resentment has been accentuated by the passage of the American Immigration Law, phrased in a manner which ignored Japanese susceptibilities.

SINO-AMERICAN RELATIONS

America's direct political interests in China are not so important as those of Great Britain or Japan. She has, however, extensive commercial, financial, and educational interests in China, and has been the staunch and consistent advocate of the Open Door policy, and of the maintenance of China's integrity and independence.

Although Americans have concluded numerous railway contracts with the Chinese Government, there is not to-day a single line of railway in operation in China which has been financed or constructed by American interests. This is due to a considerable extent to America's lack of interest in China's railway development in the early stages, and to international jealousy at a later stage. Americans obtained the first concession for the construction of the Canton-Hankow Railway, but the concession was cancelled when it was found that the bulk of the concessionaire's stock had been acquired by Belgian interests. America is a party to the Hukuang Loan, but not a mile of

the American section is actually open to traffic. In 1916 the Siems Carey Company signed contracts with the Chinese Government for the construction of 1,500 miles of railway in Hunan and Kwangsi, Honan and Hupeh, and Hupeh and Shansi. These concessions have never been acted upon, partly owing to the difficulty of financing and equipping foreign railways during the Great War, partly owing to the claim of other Powers that the contracts violated pre-existing agreements. American interests have also obtained, but never carried out, important conservancy contracts in mid-China.

Americans have taken the lead in educational work in China, their missions, hospitals, and educational institutions being the wealthiest and best-equipped in the country. The Rockefeller Institute in Peking not only provides opportunities for specialist and post-graduate work to foreign and Chinese physicians and surgeons, but liberally supports scientific investigations in different parts of China, and subsidizes many of the mission hospitals and medical schools. It is noteworthy that Britons and Americans co-operate fruitfully and efficiently in many so-called Union institutions for educational and medical work.

America was the first State to remit a portion of its Boxer Indemnity. This was done in 1908, and the money thus released has been used for the maintenance of a special institution for training Chinese

students who desire to study subsequently in America, and for their maintenance at American institutions. Tsinghua College near Peking was built, and is supported, by the remitted American indemnity, and sends some scores of Chinese students to America annually.

The percentage of American trade with China rose from .96 per cent. in 1913 to 4.55 per cent. in 1923, the tonnage under the American flag increasing more than sixfold during that period.

If there is no reason to doubt American sincerity towards China, and her desire to do what is possible to assist her out of her present troubles, there is, nevertheless, considerable criticism of the methods by which she seeks to attain these objects. The Japanese allege that various American educational institutions are hotbeds of anti-Japanese activity. The interests of the British and American merchant being identical, they work harmoniously together. The same is true of many British and American educational and missionary institutions. But a number of American missionaries in China, and American politicians at home, seem too frequently swayed by sentimental rather than practical considerations in discussing China's problems. And a self-righteous attitude is not always appreciated in those who, without shouldering the responsibilities which have been undertaken by other Powers, share to the full the privileges

resulting from a more active policy on the part of other Governments.

SINO-FRENCH RELATIONS

France's political interests are more important than her commerce in China, which is insignificant. Her Indo-China frontier is contiguous with the provinces of Yunnan and Kwangsi. The French-owned Yunnan Railway is the only means of direct communication between Yunnan and the outside world. France in 1898 secured the lease of a territory of about 200 square miles around Kwangchouwan, in Kwangtung Province. She has expressed her willingness to restore this territory to China only when all other Powers holding leased territories do the same. The Peking-Hankow and Shansi Railways have been constructed wholly or in part with French capital. There are French Concessions in Shanghai, Canton, Hankow, and Tientsin. A Frenchman is co-Director of the Postal Service, which is one of the few really efficient Government organizations in China.

The delay in convening the Tariff Conference has been due to a dispute between the French and Chinese Governments in connexion with the resumption of Boxer Indemnity payments. Most of the Allied Powers, on China's entry into the Great War, agreed to the suspension of the annual indemnity payments

for a period of five years from December 1, 1917. Shortly before the resumption of indemnity payments fell due a large French bank, the Banque Industrielle de Chine, failed, with disastrous results to French financial prestige in the East. Although it was not an official institution, the French legislature was prevailed upon to authorize the use of the French indemnity payments for the rehabilitation of the Banque. The project depended upon resumption of indemnity payments in gold francs, and was so framed as to ensure that the funds, after the rehabilitation of the Banque, would be set free for educational and other cultural purposes in China. The scheme was submitted to, and approved by, two successive Ministers of Foreign Affairs at Peking, and sanctioned by the President and Cabinet of the Chinese Republic. A political agitation was then started, aiming at resumption of payments in paper instead of gold francs; the Chinese Government yielded to it, and France thereupon declined to ratify the Nine Power Treaty of Washington. The controversy was only settled in April 1925, when an agreement was reached for the resumption of payments in gold dollars (instead of francs), and, what was more important from the Chinese point of view, releasing to the Chinese Government the accumulated indemnity instalments from 1922 to 1924. France thereupon ratified the Washington Treaty, enabling China to convene the Tariff Conference.

France used to claim the protection of all Catholic missions in China, but no longer assumes this rôle.

THE CONSORTIUM

Just previous to the overthrow of the monarchy an attempt was made to terminate the battle for concessions by the formation of an international financial consortium, composed, in the first instance, of American, British, French, and German Banking groups. It was this, the so-called Quadruple Group, which arranged for the flotation of the Hukuang Railway Loan, and the Currency Loan (never put upon the market) in 1911. And it was with the same group that the Republican Government entered into negotiations in 1912. The consortium was joined, during the negotiations for the Reorganization Loan, by Russian and Japanese interests, and abandoned, at the instance of President Wilson, by the American Group. It was the Quintuple Group which floated the Reorganization Loan of 1913. During the war the consortium was unable to supply China's needs, owing to the financial stringency in Europe, and, as I have already mentioned, China borrowed indiscriminately, and for unproductive purposes, from Japanese financiers. At the end of the war, at American instigation, negotiations were opened for the re-establishment of the consortium, on a more representative basis (so far as the membership of each nation was concerned) by American,

British, French, and Japanese financial interests. There was some difficulty in connexion with the inclusion of Manchuria within the scope of the consortium, but eventually a satisfactory agreement was reached, and the consortium was reborn. Its scope was to be limited to :

“ Existing and future loan agreements which involve the issue for subscription by the public of loans to the Chinese Government or to Chinese Government Departments, or to provinces of China, or to companies or corporations owned or controlled by or on behalf of the Chinese Government or any Chinese Provincial Government, or to any party if the transaction in question is guaranteed by the Chinese Government or a Chinese Provincial Government, but does not relate to agreements for loans to be floated in China. Existing agreements relating to industrial undertakings upon which it can be shown that substantial progress has been made may be omitted from the scope of this agreement.”

The policy of the consortium was :

“ The substitution of international co-operation for international competition in the economic and financial affairs of China.”

The formation of the consortium was duly notified to the Chinese Government, which has not, however, as yet been able to bring itself to negotiate for railway or other loans, knowing full well that conditions in

China are such that no international group could undertake the flotation of loans on the European and American *bourses* without supervision of the expenditure and a reasonable measure of control over the security. The consortium has, however, fulfilled a useful purpose in checking indiscriminate lending to China for unproductive purposes and without satisfactory security. And it may yet, if circumstances permit, play a useful part in assisting in China's financial rehabilitation when the right moment arrives.

SINO-RUSSIAN RELATIONS

The Chinese Government withdrew its recognition of the Russian (Tsarist) diplomatic and consular officials in September 1920, and did not formally recognize the Soviet Government until the signation of the Russo-Chinese Treaties of May 31, 1924.

In these Treaties the Soviet Government abandoned Russia's right to extraterritoriality, and to the Russian Concessions on Chinese territory. It recognized Outer Mongolia as "an integral part of the Republic of China." But it secured China's recognition of joint ownership in the Chinese Eastern Railway, which was henceforward to be administered by a directorate consisting of five Russians and five Chinese, appointed by their respective Governments. Russia, in effect, gave up rights which she had already lost as a result

of China's action in 1920, but recovered political control over the Chinese Eastern Railway, the new general manager of which (a Soviet appointee) has acted in a most arbitrary manner in such matters as the dismissal of non-Soviet employes, etc. The Chinese Eastern Railway is a competitor of the South Manchuria Railway, the former finding an outlet for its freight at Vladivostock, and the latter at Dairen. And there are possibilities of serious friction between the two railways as a result of the restoration of control of the Chinese Eastern Railway to Soviet nominees.

In the 1924 Treaty Russia also abandoned her claims to the Boxer Indemnity, of which she had previously received far the largest share, stipulating that the money was to be used "for the promotion of education among the Chinese people" after "the satisfaction of all prior obligations." The Peking Government was unable to fulfil the obligations into which it had entered, so far as the Manchurian provinces were concerned, owing to the fact that the Manchurian warlord, Chang Tso-lin, had declared his independence. In September 1924, however, when a civil war had broken out in North China, Chang Tso-lin, fearful of Soviet activities in his rear, concluded a separate Treaty, which followed, in the main, the lines of the Peking agreements. Although he has conceded joint control over the Chinese Eastern Railway to the Soviet, he has consistently refused to comply with their demand

to disband his contingent of "White" Russians, and has, in other respects, shown himself opposed to Soviet interference and pretensions.

As soon as China recognized Soviet Russia the Moscow Government appointed L. Karahan, its Plenipotentiary at Peking, Ambassador to the Chinese Republic. As none of the other Powers are represented by an envoy above the rank of a Minister, this gave him a status superior to all the other Chiefs of Missions. Since his appointment Karahan has done his utmost, openly and covertly, to foment Chinese hostility towards the Treaty Powers and their nationals. He has welcomed every public opportunity of denouncing the so-called "unequal Treaties," and of urging the Chinese to tear them up. Details of Soviet activities in China are given in a former chapter, and need not be repeated here. It need only be said that Bolshevik emissaries are largely responsible for the anti-foreign outbreaks we have witnessed in 1924, especially at Canton, where Soviet agents have acquired complete control of the situation.

OTHER STATES AND CHINA

The interests of other nations in China can be dealt with very briefly. Belgium has extensive railway, mining, and financial interests. Holland is co-operating with the Belgians in the construction of the Lunghai

Railway and the port of Haichow. Italy's commercial interests are unimportant. She has a Concession at Tientsin, and has recently dispatched a contingent of marines to co-operate with the other foreign garrisons in North China. Her nationals have engaged extensively in the arms traffic, under the pretext that large consignments of Italian arms had been dispatched to the Far East previous to the Arms Embargo of April 1919. Spain's interests are insignificant, though her diplomatic and consular officials have done much to lower Western prestige by their protection of undesirables and of professional gamblers. There are a number of Portuguese—mostly Eurasians—in China, and Portugal also owns the colony of Macao, which relies for support almost entirely upon its opium and gambling monopolies.

One may sum up China's foreign relations as follows : British and American interests are, in the main, identical. Both Governments are interested in securing stable conditions for the development of their trade, and are really anxious to help China out of her present troubles. Great Britain is regarded as the champion of existing Treaty rights, with their relinquishment only in the measure that China proves herself able to assume new responsibilities. It is for this reason that Bolshevik propaganda is concentrated against the British. Japan's real interests lie in the same direction as those of the Anglo-Saxon Powers,

but there has been, and still is, a Japanese military clique hostile to the establishment of stable conditions in China. Its influence, however, is waning, and there is to-day a possibility that Japan may constitute herself the champion of her Asiatic neighbour, and display a willingness to go further in making concessions to China than the other Treaty Powers consider expedient. Japan's own system of judicial administration leaves much to be desired from the Western point of view, and she is unlikely, therefore, to insist upon the standards which Europeans and Americans would consider necessary, before relinquishing extraterritorial rights. On the other hand, her trade with China would be seriously affected by any substantial increase in the import duties, consisting, as it does, largely of low-priced articles with which the Chinese could successfully compete if the present duties were raised. Soviet Russia's commercial interests in China are at present insignificant, and her agents are seeking to exploit China's present discontents for political rather than commercial ends. Posing as the only disinterested friends of China, the Bolsheviks are working to undermine European and Japanese influence and interests, and to foment anti-foreign feeling. China furnishes a fruitful soil for such activities, as a result of the discontent caused by thirteen years of misrule under the so-called Republic.

CHAPTER XIII

THE CHINESE PROBLEM

THE Chinese problem is baffling in its complexity. To suggest that it would be solved, or even that its solution would be assisted, by the wholesale scrapping of existing Treaties is ludicrously to exaggerate their effect upon the domestic affairs of the nation. I have attempted in these pages to place the facts regarding many of the issues between China and the foreign Powers before the reader. And my task will have failed if I have not made it plain that the real obstacles to China's regeneration and progress are to be found, not in the attitude or policy of the Treaty Powers, but in China herself. She has never been a Republic in aught but name since the abdication of the Manchus in February 1912. The machinery for the introduction of really democratic government has yet to be produced. As Mr. Clennell, the British Consul at Foochow, so truly states in the report from which I have already quoted :

To train a people in the habits of self-government, so as to overcome the traditions of a long history and make them capable participators in a real representative system, whose legislative measures could have the sort of validity as expressions of the national will that our

legislation is expected to have, would require, not many years, but many generations. If it be alleged that China has established parliamentary institutions, the reply must be that this is not so. The election of members, whether of the national Parliament or of provincial assemblies, is absolutely unreal. What the record of the various Parliaments held in Peking has been is fairly notorious, and I leave it to others to describe. In Newchwang, which is a town of some 100,000 inhabitants, the election of a parliamentary representative took place while I was there. Thirty-five voters recorded their votes, and of those thirty-five the majority were employés in the Taoyin's yamen. The public took no part, and exhibited no interest in the proceedings. Except where candidates compete for the purchase of votes, so that, as was the case at Chinkiang in 1921, there is a brisk market for their sale, this will be found the usual, if not the universal, state of affairs.

The Chinese Republic is a myth. It will not be made a reality by subjecting foreigners to the abuses and the insecurity under which the Chinese themselves have suffered at the hands of the Tuchuns. Since the passing of Yuan Shih-kai the authority of the Central Government has completely collapsed. The position of the Foreign Legations at Peking has become pathetic. They have had to deal, for practical reasons, with the Peking Government, which has been the only administration accorded foreign recognition. But for all practical purposes their protests and representations to this Government might just as well have gone straight into the wastepaper basket. The Chinese Foreign Office has duly acknowledged and filed them. But it has not had the power, even if it had the will,

to secure redress for foreign grievances, or to fulfil China's Treaty obligations.

China, a country in which, until recently, the military profession has been held in disrepute, has now become the prey of rival militarists, who have expanded their armies until they have become a veritable incubus, absorbing every cent of the national revenues on which they can lay their hands. These militarists are unmoved by the sufferings of their fellow-citizens, and now ignore, or impudently defy, both the Peking Government and the representatives of the Treaty Powers. The Chinese is not noted for moral courage. He can easily be worked up into a state of hysteria against foreigners, but he is more likely meekly to submit to, or to attempt to buy off, oppressors of his own race. Successful resistance to oppression might have been organized in the days when the Chinese soldier was equipped with spears and bows and arrows. It is a different matter to resist a tyranny enforced by coolies equipped with rifles, automatic pistols, and artillery. More rapid means of communication—by railways, by mail, by telegraphs, and by steamship—and the dissemination of news far and wide by the Press, have aggravated the political dissensions of the Chinese and the jealousies of her militarists. Canton now knows within a few hours what has occurred at Peking or Hankow, at Shanghai or Mukden, or *vice versa*. Along the trunk railways masses of troops can

be moved hundreds of miles in as many days as it would have taken weeks, or even months, fifty years or a century ago.

There has from time to time appeared to be a possibility of one militarist subduing all his rivals, and imposing a dictatorship over the whole country. On each occasion, however, the attempt to reunite China by force has failed. The leading militarists have not had the financial or military resources, or the political ability, to seize and retain control of this vast country. The merchant class, from whom so much might have been hoped, have become disgusted with politics, and seem content to-day to carry on their trade by submission to military blackmail. In the one noteworthy instance in which they attempted to organize in self-defence—at Canton—they were ruthlessly massacred by Dr. Sun Yat-sen's "Reds." A monarchical restoration, welcome though it might be to the masses, who have never understood these new-fangled republican ideas, cannot at the moment be regarded as a practical possibility. The Monarchists do not enjoy any substantial military support, and the idea of the restoration of an alien dynasty is still repugnant to the educated—and half-educated—Chinese.

Years of domestic chaos have resulted in widespread demoralization. The old saying that "a Chinaman's word is as good as his bond," no longer holds true.

Corruption and dishonesty are now as prevalent in commercial as in official circles. It is always difficult, and frequently impossible, to obtain redress against fraudulent and defaulting Chinese.

The spread of domestic chaos has been accompanied by a wave of nationalistic feeling, especially among the student class. They have been encouraged by Bolsheviki agitators, and to some extent by missionary institutions, and now profess to see in "Western imperialism," "capitalism," and the "unequal Treaties," the cause of China's present troubles. Yet if every "unequal Treaty" were abolished to-morrow, China would be no better off. Such a step would, indeed, tend to aggravate friction between foreigners and Chinese, as a result of subjecting the former to abuses from which they have hitherto been immune. Irreparable injury would be done to legitimate foreign interests without in any way assisting in China's regeneration.

By the Bolsheviks the Chinese are told that the solution of their difficulties is to be found in the adoption of "revolutionary" methods. They must tear up the Treaties, engage in a bloody struggle with the foreigner for national liberation, and then they may hope to become as contented and as prosperous as the Soviet Republic! Foreign commercial interests in China, on the other hand, which have been built up under circumstances of unusual difficulty, are fearful

of any serious modification of their existing immunities. They are familiar with the situation in China as it actually is—not as China's plausible representatives at international conferences represent it to be. They recognize that many of the Treaty rights to which they are entitled are either obsolete or incapable of enforcement. But they prefer the evils they know to the uncertainties and risks which would follow any alteration in their status. Residing for the most part in foreign Concessions and Settlements, under the protection of their own consular officials, they enjoy a measure of security for their persons and their property which would be unthinkable were they to come under irresponsible Chinese control. That there are abuses connected with the exercise of extraterritorial rights cannot be denied, but they are insignificant compared with those to which Chinese, and foreigners under their jurisdiction, are liable.

Chinese and their sympathizers make much of the necessity of equality as the true basis of friendship, but mutual confidence is surely a prerequisite of equality, and such confidence is impossible under existing conditions. However sympathetic they may be towards China's aspirations, the foreign Powers cannot really deal on a basis of complete equality with a Government whose authority is openly flouted throughout the country, and whose engagements are not worth the paper upon which they are written.

There must, of necessity, be an atmosphere of unreality about negotiations conducted with a Government which, when we come down to hard facts, can offer nothing but vague and unsatisfactory promises in return for any concessions which may be agreed to.

Fourteen years of chaos is an insignificant period in the history of a nation which goes back for thousands of years, and whose civilization was, for many centuries, in advance of that of Europe. In the course of China's long and chequered history she has survived decades and even centuries of internal disorder. And inasmuch as there are no really fundamental differences between the Chinese, whether they come from the North or the South, or the East or the West, it may be hoped that time will overcome the present disruptive tendencies. Meanwhile there is much to be said for the evolutionary, as opposed to the revolutionary method of dealing with China's foreign problems. No real good would be done by premature surrender on the part of the Treaty Powers to the present popular clamour. Britain, America, and Japan stated more than twenty years ago the conditions under which they would be prepared to relinquish extraterritoriality, and agree to the modification of the present Customs regime. That China has made little or no progress towards the fulfilment of these conditions, which cannot be considered unreasonable in themselves,

is no argument for the relinquishment of existing foreign rights. Compliance with these conditions would be as much in the interests of the ordinary Chinese citizen as of the foreigner resident in China.

A few foreigners and Chinese believe that foreign intervention is the only remedy for China's ills. With that view I cannot agree. To succeed, such intervention would demand commitments which would be undertaken by no single Power, and which could not be attempted by a group of Powers without friction and dissension which would frustrate its aim. Even if a unity of purpose, which has not hitherto been attained between the Powers interested in China, could be secured on this occasion, intervention would necessitate the employment of large military forces, and the indefinite occupation of large tracts of Chinese territory. It would require the forcible installation in office—and authority—of Chinese who, by reason of their subservience to the foreigner, would incur the distrust of all their countrymen.

It is, in short, impossible, as history has demonstrated over and over again, to help a nation which will not help itself, which does not desire foreign aid, and which, however passively it may endure the oppression of its own officials, will unite almost to a man against any threat of external aggression. No Power, or group of Powers, could be expected to

embark upon so thankless, so hopeless, and so dangerous a task.

The divergence of views that has recently become apparent between a section of the missionary body and foreign commercial interests is easy to explain. The missionary has prosecuted his work, with special privileges which are not enjoyed by other foreigners, under the same "unequal Treaties" which have enabled the foreign merchant to trade under the protection and jurisdiction of his own officials. Missionary work has been developed under the protection of foreign Governments, whose diplomatic and consular officials have had to devote no small portion of their time and energy to shielding Chinese converts from molestation and persecution, and enforcing the Treaty rights of foreign missions. A reaction has now set in among the Chinese, which has manifested itself in anti-Christian manifestations, and a growing hostility to Mission schools and colleges.

If the missionary now feels that his Treaty privileges are obsolete, and constitute a hindrance, rather than a help, to his work, it by no means follows that he is speaking on behalf of foreign interests generally. There are many experienced missionaries to-day who share the merchant's view that the abrogation of extraterritoriality would be disastrous, both to the Chinese and to the foreigner. A typical discussion of the missionary attitude towards the so-called

“unequal Treaties ” took place last December at a gathering of the Tientsin Missionary Association. There was considerable debate, and the questions eventually put, and the decision of the majority of those present (about thirty British and American missionaries), are given below :

1. “ Concessions ” are a benefit to the Chinese ? Yes.
2. Diplomatic protection is a necessity and a benefit to foreigners and Chinese ? Yes.
3. Extraterritoriality is a benefit to Chinese ? No. (There were four affirmative answers.)
4. Our international system in China is likely to be permanent ? No.
5. China will be ready for abolishment of concessions and extraterritoriality when ?—there is a stable government.
6. China is hindered from setting her own house in order by Concessions and extraterritoriality ? No.
7. A Westerner can effectively preach Christianity to the Chinese while he is backed by foreign gunboats and soldiers ? Yes.
8. The Chinese Church is helped by its connexion with missionaries from militaristic nations ? Yes. (Some said No, others pointing out that missionaries disassociated themselves with militarism.)
9. A British subject must follow the policy and instructions of his Government as to “ protection ” in time of danger ? Yes. (Several answers contended that it was a Biblical injunction.)
10. An American citizen must follow the policy and instructions of his Government as to “ protection ” in time of danger ? There was no definite answer to this, half saying Yes, and half, No. (Americans did not answer question 9, and the British did not answer question 10.)

China’s salvation must be worked out from within ; it cannot be wrought from without. All that can be asked of the Treaty Powers is that they shall not unreasonably retain any rights which are not essential

to the well-being of their nationals, and which restrict China's administrative freedom. I have already indicated a possible solution of the extraterritorial problem. As regards tariff autonomy, there are difficulties that cannot be ignored. It would be futile to expect the provinces to abandon likin and other illegal taxes on trade in order that whatever politico-military clique dominates Peking may receive increased revenues from the Customs. The Central Government, and the Powers, cannot hope to secure the abolition of likin unless the provinces are compensated in some way for the abolition of transit taxes. Strong vested interests opposed to the abolition of likin have been created, and it will be no easy task to buy off their opposition.

Only a careful study of conditions on the spot can reveal whether it would be possible to secure the co-operation of the provinces by the payment in each provincial capital of a definite percentage of the increased Customs revenues—or their equivalent. To talk of abolishing likin in two years, or twenty years, unless the co-operation of the provinces can be secured, is grotesque. And any pledges which the Powers may offer to China on the basis of promises that likin shall disappear within a definite time-limit will only end in disappointment. Yet, unless means of abolishing likin can be devised, the augmenting of import duties would probably have disastrous effects upon

China's foreign trade. The present tariff may be unscientific, and the Treaty restrictions upon which it is based antiquated and unfair, but the hopes entertained of an enormous increase in China's Customs revenue as the result of a revised tariff are obviously based upon a misunderstanding of the facts. Tariff autonomy to-day would be tantamount to a grant to the militarists of the right to seize the Customs revenues. Only the "unequal Treaties" ensure their remittance intact to Peking.

China's foreign trade in 1924 amounted to less than £300,000,000 sterling. Her total Customs revenues were £12,732,700. If her trade had yielded the same percentage of Customs revenues as that of Great Britain in 1922, she would only have received about £18,000,000. It is, therefore, hopeless to rely upon the Customs revenues to yield the additional revenues of which the Central Government is so sorely in need. It is upon China's domestic taxation, rather than the taxation of her imports and exports, that she must ultimately rely for her financial rehabilitation. The resources are there. The taxes are actually collected—in many districts several times over, or for years in advance—but are retained and wasted by the local militarists, who would be only too delighted to seize the Customs revenues as well. Tariff autonomy to-day would simply mean the right of the militarists actually in control of Peking to impose whatever duties they liked upon

foreign trade, regardless of their effect upon commerce.

What is occurring at the time of writing is instructive. The Chekiang Tuchun has occupied Shanghai—which is in Kiangsu Province—and is endeavouring to dislodge the Manchurian warlord from Kiangsu, and to organize a military alliance for his overthrow, for the sole purpose of preventing him from benefiting from any increased Customs revenues which may be made available by the decisions of the Special Tariff Conference.

It has always been a sore point with the Southern provinces that the Peking Government, in no way representative of the country, and powerless to exercise its authority over any of the provinces, should enjoy a monopoly of the Customs revenues. At one time the Treaty Powers recognized the force of this objection and agreed to the payment of a definite percentage of the Customs surplus to the Canton Government after all foreign obligations secured upon the Customs had been met. A change in the administration at Canton led to the suspension of this procedure, and since then the American Government has gone on record as opposing any dealings with, or payments from the Customs revenues to, any but the recognized Government of the Republic. Practically the entire Customs surplus is now earmarked for the service of domestic loans, so that little or no money is available for administrative expenditure.

The principal Treaty Powers have defined the conditions under which China can recover complete sovereignty. These conditions are not unreasonable. To talk of reciprocity to-day is sheer nonsense. The Peking Government cannot conceivably reciprocate in its treatment of foreigners. It cannot even pretend to guarantee them the privileges and security which Chinese enjoy as a matter of course in British possessions throughout the East.

The peace of the Far East depends upon a number of factors, among which are the relations between Russia and Japan, and Japan and the United States. One of the most vital, however, is the restoration of stability in China. And this stability cannot be brought about by calling China a monarchy or a republic, or her nominal ruler an Emperor, or a President, or a Provisional Chief Executive. Nor can it be achieved by conceding to a moribund and impotent Government rights of sovereignty which it has no means of exercising. The reorganization of the administration upon a basis which will win public confidence at home and abroad, the restoration of the authority of the Central Government in such vital matters as the taxation of trade, the enforcement of international obligations, and the administration of justice, and the establishment of the rule of law in place of the whim of the militarists, are among the essentials of a solution of the Chinese problem.

APPENDIX

STATEMENT BY ASSOCIATED AMERICAN CHAMBERS OF COMMERCE IN CHINA

I

THE following articles were issued in September 1925, in brochure form by the Associated American Chambers of Commerce :

Present conditions in China are a natural result of long-continued internal disorder which has impoverished the country and has placed upon the Chinese people an impossible burden in the form of a standing army of more than one and a half million men.

Since the close of the Washington Conference in 1922 the situation has been aggravated by a gradually increasing animosity toward foreigners in general and by Soviet Russian propaganda against the so-called imperialistic and capitalistic Powers of the West.

With this background in mind it is easy to understand that everything was in readiness for the match to be lighted when a number of Chinese students were killed and wounded in rioting against the Shanghai Municipal Police on May 30 last. The so-called Nanking Road incident in Shanghai had its beginning a few days earlier, when Chinese labourers employed in a local Japanese cotton mill broke into the factory and destroyed several thousand dollars worth of machinery. When ordered to leave the premises, they attacked the guards with iron bars and pieces of machinery, whereupon the guards fired, killing one of the labourers.

The Shanghai Municipal Police arrested several of the strike leaders who participated in the riot in the Japanese cotton mill, and these men were held for trial in the International Mixed Court. On May 30 Chinese students in local schools, headed by students from the Shanghai University, organized a lecturing campaign upon the principal streets of the International Settlement of Shanghai.

Owing to previous troubles connected with the anti-Japanese riots and boycott in 1919 the authorities of the International Settlement of

Shanghai have had in force a regulation prohibiting the holding of parades or political gatherings inside the foreign area. Disregarding these well-known regulations, the students started their agitation by lecturing on busy street corners and distributing literature attacking foreign imperialists. It is now generally believed that the students selected Saturday afternoon owing to its being a half-holiday, when most of the city officials are absent from their offices.

The police on duty at a station (known as the Louza Police Station) in the centre of the retail shopping district arrested a number of these students and lodged them in gaol on a charge of violating the municipal ordinances. The students, assisted by loafers and curiosity seekers numbering about two thousand, then attempted to storm the city gaol and release those who had been arrested. Finally, when the police could no longer hold the crowd in check they gave the order to fire. Nine were killed and several wounded.

This had the effect of inflaming the whole Chinese population into a general anti-foreign outburst, so that it became necessary for the foreign residents of Shanghai to rally to the defence of the city, and a few days later it was necessary for the local Consular Body to ask for foreign naval protection to prevent the entire city from being taken over by the mobs. During the disorder of the next few days several more Chinese were killed, and numbers of foreigners, including one American, were wounded by missiles and by sniping.

The Chinese merchants in Shanghai assisted in the strike by closing up all of their shops and banking institutions for a period of practically two weeks.

Incidents in other parts of China which have been mentioned in Press reports are quite similar to that at Shanghai. In Hankow a Chinese mob attempted to storm the armoury in the British Concession, and it was necessary for the local volunteers, assisted by foreign marines, to fire in order to prevent the building being taken over by rioters.

In Canton, as a parade of Chinese organized as a protest against the Shanghai incident was marching past Shameen—the Foreign Concession—Chinese student cadets, officered by Russians loaned to the Canton radical Government by Moscow, opened fire without warning on the foreign Concessions, killing one foreigner and wounding four, including a woman.

In Kuikiang, a town on the Yangtze River between Hankow and Shanghai, the rioters took possession of the Foreign Concession and looted the Foreign buildings, including the Japanese and British consulates, and burning the Japanese bank. All communication between Kiukiang and the local summer resort of Kuling, containing more than 600 foreign women and children, was cut off.

At the town of Chinkiang, near Shanghai, on the lower Yangtze River, mobs also took possession of the Foreign Concession and looted the Municipal Building, burning the furniture in the streets.

In Chungking, on the upper Yangtze, it was necessary for all British and Japanese residents to be removed to ships in the river, and the latest reports are that the British authorities have asked all of their nationals residing in Szechwan Province, most of them being engaged in missionary work, to leave that territory.

What the final result of this will be is almost impossible to state at this time, but apparently it is going to settle down to a general demand for the cancellation of the so-called "unequal Treaties."

Since the United States and the other Powers are committed under the Washington Conference programme to a plan of evolutionary treaty revision, there is no particular point to the continuance of the anti-foreign agitation on this basis except as it is fomented by the Soviet as a part of their general campaign to win over the millions of people of Asia to the new doctrines of Communism and to upset the existing order all over the world.

The failure of France until recently to ratify the Washington Conference Treaties has also been an element in causing the Chinese to lose faith in the possibility of obtaining relief at the hands of the Western Powers and Japan.

In many respects the present movement has points of similarity to the Boxer Rebellion of 1900. It will be remembered that the Boxer Rebellion had its underlying causes in a long period of internal unrest, aggravated by the seizure of Chinese territory by foreign nations.

The Boxer Rebellion began in persecutions and the massacres of native Christians in various parts of North China, and finally led to the massacre of foreign missionaries, chiefly British, in Shantung and Chihli Provinces, and ending in the besieging of the foreign Legations in Peking.

The situation was only relieved by an International Expedition in which the United States participated, and was finally settled when the Boxer Protocol was signed in 1901, which gave the foreign Powers the right to station foreign troops in North China for the purpose of patrolling the railway leading from Peking to the sea.

The present agitation against foreigners, although chiefly levelled at the British and Japanese, also affects the Americans and all other foreign nations having Treaty relations with China. American missionary interests in China, although they have worked for almost a century in the education of the Chinese masses, are likewise affected. For more than a year there has been in progress a serious anti-Christian movement, which has been aimed principally at colleges and universities conducted by Americans and financed by American money in China. Leading missionaries who have investigated this question closely are firmly convinced that this agitation has had its origin with the Soviet, because they have recognized that the American missionary institutions in China are the greatest single factor in the spreading of Western ideals and culture on the Continent of Asia.

While the Boxer Rebellion was aimed at the direct elimination of the foreigner in China by actual extermination, the present movement does not take that trend. Now, instead of the actual driving of the foreigner from the country by force, the Chinese radicals are adopting the more subtle plan of accomplishing the same purpose by depriving the foreigner of his legal rights, which he is accorded by Treaties.

We do not desire to give the impression that we oppose the revision of Treaties which have been made by foreign Powers with China during the last half century. We realize that these Treaties should be modified, but, as was well expressed by Dr. Jacob Gould Schurman, former American Minister to China, we favour an evolutionary revision of the Treaties rather than a revolutionary development. We recognize the fact that great changes have taken place in China in the last quarter of a century ; that modern ideas have begun to take hold ; that modern industrialism is very rapidly growing up on the continent of Asia, and is bringing with it all of the problems through which the United States and Europe have passed in the last three or four hundred years.

However, we must recognize the fact that China is still more than

ninety per cent. illiterate, that the number of people able to read the printed word is lower than in any other important country.

Although China has been a Republic in name for the last dozen years, the country has been dominated by militarists, each one controlling a province or group of provinces and conducting himself as a feudal baron. They levy taxes to suit themselves, and commandeer all revenues for private gain or for the support of their already swollen armies. They support the Central Government if it suits their purposes, and oppose it for similar reasons. The political situation since the beginning of the Republic has been nothing more than a checker-board game in which the prime movers have been the various generals—or tuchuns, as they are known in China. The Republic was not able to adopt a constitution until last year, but immediately after the Chihli party was overthrown by the Fengtien or Chang Tso-lin forces the new constitution was promptly scrapped, and the Government is now functioning under a military dictatorship headed by Marshal Tuan Chi-jui, a former military commander.

A combination of all these various elements has produced a most serious situation in the Far East that demands the closest possible attention of the United States and the other Powers acting co-operatively. Unless something is done to stabilize the situation it is our opinion that the radicals, supported by the Soviet, may gain control, and arbitrarily abrogate our Treaties, which would leave us in a most serious situation from the standpoint of the safety of foreign lives and property interests. China has no courts worthy of the name, has not codified her laws, and the only power that is respected in the land is that of the military leader. If these men gain unhindered control in China, and we do not have the protection which our Treaties afford, it is bound to end in the complete elimination of foreign interests in China along lines which have been followed by the Communists throughout the territories of Russia.

Although more than eighty per cent. of China is agricultural, we have always felt that the country was more or less proof against the inroads of Communism, but we must recognize the fact that the vast Chinese Army is composed of a floating population, and if the Chinese Army can be won over to the cause of Communism, which is quite possible, it may have the effect of throwing the whole country into anarchy.

We are not advocating armed intervention, but we do believe it is vital that the United States Government pay close attention to the trend of affairs here in China, and co-operate fully with other Governments, otherwise the whole fabric of Western interests, commercial, financial, and educational, will be destroyed, and the development of China retarded for possibly a half century.

II

Since the beginning of the anti-foreign movement in China on May 30 much propaganda has been spread over the world by Chinese radicals and Soviet Russian propagandists, calculated to create an impression in the minds of those unfamiliar with conditions in China that so-called foreign aggression or imperialism is responsible for the whole unfortunate situation which now exists.

It is not our purpose to defend the present superior position of the foreigner in China except to say that the rights which foreigners now enjoy in this country are clearly defined in Treaties to which China is a party. Some of these Treaties were made as a result of wars in which China was defeated, and others, especially those existing between China and the United States, were negotiated with China's free will and accord. Dr. Sao-ke Alfred Sze, Chinese Minister to the United States, has stated frequently in public addresses that China has lost many of the rights originally accruing to sovereign nations due to foreign aggression, but also to ignorance and corruption on the part of China's officials.

Foreigners who have lived in China for many years, long have recognized that the special position which they enjoy in China was not a permanent one, and have hoped for the day when China would become a unified, enlightened nation, with a democratic form of Government, which would enable all foreigners to relinquish their special Treaty position and surrender their persons and properties to the jurisdiction of a legally constituted Chinese authority.

That China's political and educational leaders, as well as the great mass of returned students and students educated under modern auspices in China, have long been desirous of improving the status of their country is generally recognized. It was shown at the Paris Peace Conference following the World War, when China asked for Treaty

revision, and it was shown at the Washington Disarmament Conference, when a serious effort was made by the United States, in association with the European Powers and Japan, to bring about a new deal in respect to the relations of the various nations toward China.

If the various treaties and resolutions adopted at the Washington Conference of 1921-2 can be brought into effect, we believe that conditions in China may be stabilized to a certain extent. But when it is realized that between eighty and ninety per cent. of China's vast population is illiterate, and speaks many different dialects, making it impossible for persons from one district to converse with those from other districts, the magnitude of the problem existing in the country may be realized. And, in addition to the illiteracy and linguistic difficulties, communication in the country is most primitive. There are only about 6,000 miles of railroads, as compared with our 260,000 miles in a smaller territory. Communication is so primitive in many parts of China that it requires longer for mail to be dispatched from some interior sections to the seaboard cities than is required for a letter to be sent from Shanghai to New York. Agricultural and industrial conditions throughout most of the interior of China are as primitive as they were in biblical times. Most of the people of interior China live in ancient walled cities comparable only to feudal conditions of mediæval Europe.

Persons familiar with these conditions in China, which are a matter of common knowledge to foreigners residing in the land and thousands of tourists who have passed through the country, have some realization of the problem which China's handful of educated leaders shouldered when they helped to overturn the ancient Manchu monarchy and attempted to establish a modern republic which is dependent upon a high standard of general literacy on the part of the people to be governed. Dr. Sun Yat-sen, the liberal Southern leader, who had been mainly instrumental in overturning the monarchy, was soon displaced as provisional president to make way for Yuan Shih-kai, a military man who almost immediately tried to start a new monarchy, with himself at the head, and based entirely upon force of arms. He failed in this, and the great army which he had built up, largely through the use of money borrowed abroad, broke up into provincial units under the control of the military governors, or tuchuns.

Since that time the country has not had a Central Government

worthy of the name, Peking being controlled from year to year by one or another of the various military factions.

As has frequently been stated, present conditions in China are a natural result of long-continued internal disorder and misrule, which have impoverished the country and placed upon the Chinese people an impossible burden in the form of a standing army of more than a million and a half men. Rather we should say at least twenty-five different armies, none of which co-operate with each other or recognize any Government except the personal orders of the various commanders. China has never been united administratively or politically since the passing of Yuan Shih-kai, the first President. The country has been preyed upon by rival militarists and self-seeking politicians, who have cared nothing for the welfare of the people, and regard commerce as permissible only in so far as it returns revenues to maintain their ill-disciplined armies. The Chinese are an easily excitable but generally a docile people. They will tolerate from their own officials oppression and misrule which would incite Westerners to rebellion. It is always easy for politicians or militarists to serve their own private ends by diverting attention from their own shortcomings to fancied grievances against foreign nations.

In connexion with the general situation of China we can do no better than quote a recent statement published in Shanghai by Mr. Tang Shao-yi, former premier and leader of the Kuomintang, or Southern party, who said :

“For more than ten years we have not had a Government which has been respected by the foreign nations. Consequently not a single thing has been accomplished. Had we been able to follow the right course after the founding of our Republic we should not have failed to win back what we had previously lost. On the other hand, in a present state of our nation even such a question as the revision of the ‘unequal Treaties’ is difficult of solution. We must have a sound Government before we can expect to be respected and trusted by others.”

In addition to this statement by Mr. Tang Shao-yi, Marshal Wu Pei-fu, leader of the “Chihli” party, who was defeated in the civil war last year, recently made the following statement in reference to the so-called unequal position of China in respect to her treaty relations with other nations :

“ Yes, equality, equal rights—but first we have to be really equal. There is no gainsaying it. Acts—not words accompanied by violence—are what count. It seems to me rather strange that our people do not realize that the so-called oppression we invite ourselves by showing at every turn we are inferior.”

In conclusion, we desire to call attention to a recent statement by Secretary of State Kellogg which was recently cabled to this part of the world by the United Press. According to Secretary Kellogg, the United States Government is prepared to proceed with the carrying out of the treaties and resolutions adopted at the Washington Conference, but he announced as a condition for the relinquishment of extra-territoriality :

1. Codification of Chinese criminal and civil law.
2. Establishment of a responsible judiciary.
3. Acceptance by all factions of the responsibility of the Central Government.

It occurs to us that these are reasonable conditions, and more to the benefit of China than of the United States and other Powers.

There is nothing which the American merchants resident in China desire more than a unified democratic and enlightened China, capable of governing her own household, and able to mete out impartial justice to her own citizens as well as to the foreigners residing within her borders.

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